

# DAILY REPORT

*China*

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U.S., USSR STRUGGLE OVER MISSILE DEPLOYMENT

OW180623 Beijing Domestic Service in Mandarin 1100 GMT 17 Aug 81

[Talk on international current events: "A Struggle Centering on the Issue of Deploying Medium-Range Guided Missiles in Europe"]

[Text] The Soviet Union and the United States are engaged in a fierce struggle over the deployment of medium-range guided missiles in Europe. Soviet Defense Minister Ustinov published a lengthy article in Pravda on 25 July strongly attacking the United States for disrupting the U.S.-Soviet balance in strategic arms. Ustinov once again dwelled on some of the Soviet Union's time-worn proposals including a freeze on the deployment of medium-range guided missiles in Europe. Ustinov's article attacking the United States was written following setbacks to the latest Soviet peace offensive. The Soviet Union has, since the beginning of this year, launched repeated peace offensives against the United States and Western Europe calling for a temporary halt in deploying medium-range guided missiles. At the 26th CPSU Congress in early February this year, Brezhnev advanced his so-called proposal for freezing the deployment of medium-range nuclear weapons in Europe, but the proposal was unanimously rejected by the West.

When Brandt, former chancellor of West Germany and chairman of West Germany's Social Democratic Party, visited the Soviet Union on 30 June, Brezhnev again put forward the so-called new proposal saying that if NATO does not begin deploying medium-range missiles in 1983, the Soviet Union will temporarily suspend deployment of its SS-20 medium-range guided missiles. Brezhnev also said that as soon as the United States begins talks with the Soviet Union, the Soviet Union will immediately suspend the deployment of SS-20 missiles in Europe. But Brezhnev's new peace offensive of suspending the deployment of SS-20 guided missiles did not achieve its expected results. Western nations, one after another, exposed the hypocritical nature of this new Soviet proposal and insisted that Western Europe realize a military balance before holding talks with the Soviet Union. West German Government Spokesman Becker said in a statement on 30 July that if the Soviet Union wants the West to give up deploying new weapons, Moscow must remove its nuclear weapons already deployed.

During a talk to reporters on 7 July, French President Mitterrand pointed out that the Soviet Union, by deploying SS-20 guided missiles and Backfire bombers, has upset the balance of power in Europe and has gained military superiority. This constitutes a genuine threat, he said. NATO Secretary General Luns pointed out on 6 July that if the Soviet proposals are accepted, the Soviet Union's current superiority in medium-range guided missiles will be permanently established.

It is only natural that the Western nations should reject the Soviet proposals. As everyone knows, the Soviet Union originally had only the outmoded SS-4 and SS-5 medium-range guided missiles whose accuracy was relatively poor. But by the mid-1970's, the Soviet Union had developed the SS-20 medium-range guided missile and began to rapidly deploy them. This has brought a major change to Europe's military balance. The SS-20 has a range of 5,000 kilometers and can strike anywhere in Western Europe. Thus, the Soviet Union has achieved superiority not only in conventional arms but also in nuclear arms in Europe.

It was under these circumstances that when NATO's foreign and defense ministers met in Brussels in December 1979, they unanimously decided to deploy 108 U.S. Pershing 2 medium-range guided missiles and 464 cruise missiles in Western Europe beginning in 1983. At the same time, they also proposed talks with the Soviet Union on limiting medium-range guided missiles. The Western nations call this decision--the deployment of new medium-range guided missiles in Western Europe on the one hand and the holding of talks with the Soviet Union on limiting medium-range guided missiles on the other hand--the "twofold decision."

At that time, the Western side estimated that before the deployment of the 572 Pershing 2 guided missiles and cruise missiles by the NATO forces, the Soviet Union could at most deploy only 300 SS-20 guided missiles. Each SS-20 guided missile is capable of carrying three warheads, and so the Soviet Union could have a total of 900 warheads. However, the actual development far exceeded the expectation of the Western side.

Lawrence S. Eagleburger, assistant secretary for European affairs of the U.S. State Department, on 3 August said: After NATO made its decision in December 1979 to deploy new medium-range guided missiles in Western Europe, the Soviet Union increased its deployment of SS-20 guided missiles with a total of 750 warheads while the countries of Western Europe have yet to deploy a single new guided missile.

It is quite apparent that the Soviet Union seeks to consolidate its overwhelming superiority in this respect, and so it demands a freeze on the deployment of medium-range guided missiles in Europe at present. The countries of Western Europe, on the other hand, definitely cannot agree to the freezing of this unfavorable situation.

The Soviet Union knows very well that the United States and the West European countries cannot be easily fooled. Then why has the Soviet Union, since the beginning of this year, repeatedly talked about the old thing of freezing the deployment of medium-range guided missiles in Europe? One of its main reasons is to attempt to weaken and split the Western alliance. Concerning the necessity to counter the Soviet Union's aggressive expansion, the United States and the countries of Western Europe are in complete accord. However, owing to their different positions, the United States wants the countries of Western Europe to increase their military expenditures and strengthen their military forces in a joint effort to counter the Soviet Union while the countries of Western Europe, which are close to the Soviet Union and rely heavily on them for the development of their foreign trade, are worried that the United States will only pay attention to strengthening military preparations and will not hold talks with the Soviet Union. Therefore, the countries of Western Europe have repeatedly stressed that talks with the Soviet Union must not be abandoned.

The peace movement has recently been developing in Europe. Those peace movement advocates do not clearly understand the true nature of the Soviet policy of detente. They oppose the increase in military expenditures. West European political leaders believe that by holding talks with the Soviet Union before the development of new guided missiles, pressure from opposition factions in their respective countries will be reduced. Even in the United States, there are some people who advocate the restoration of detente with the Soviet Union. Under such circumstances, Soviet leaders and Soviet propaganda media have gone all out to publicize talks and have repeatedly criticized the United States for delaying talks with the Soviet Union.

As a matter of fact, American and Soviet officials have recently maintained frequent contacts. Lawrence S. Eagleburger, assistant U.S. secretary of state, further said on 3 August: The United States and the Soviet Union have reached preliminary agreement on holding talks concerning tactical nuclear forces during the period from mid-November to mid-December this year. Tactical nuclear forces mean medium-range guided missiles in Europe.

At this moment, the Soviet Union is grasping the opportunity to pressure and fraternize Western Europe. It is trying to sow discord between the United States and the countries of Western Europe. Soviet Defence Minister Ustinov's lengthy article clearly said: The deployment of medium-range guided missiles by the United States is for attacking the Soviet Union rather than showing concern for the security of Europe. Therefore, the security of Western Europe will be weakened rather than strengthened. The countries of Western Europe will be further entrapped in a position subordinate to the U.S. nuclear strategy. It appears that the contention between the Soviet Union and the NATO countries on the issue of medium-range guided missiles in Europe will be a protracted and complicated one.



U.S., WEST EUROPE DIFFER OVER TRADE WITH USSR

OW180810 Beijing XINHUA in English 0744 GMT 18 Aug 81

["United States, Western Europe at Variance Over Trade With Soviet Union"--XINHUA headline]

[Text] Beijing, 18 Aug (XINHUA)--The financing by West Europe for the construction of a natural gas pipeline from Siberia to Western Europe has deepened the differences already existing between the United States and West Europe over how to maintain trade relations with the Soviet Union.

After the Soviet occupation of Afghanistan, the U.S. Government imposed a trade embargo on the Soviet Union early last year. U.S. exports to the Soviet Union last year dropped by 58.3 percent to 1.5 billion dollars. Soviet exports to the United States also fell in the same year by 50 percent to 430 million dollars. By contrast, West Europe's trade with the Soviet Union has gone up by a big margin. Figures released by the Soviet monthly FOREIGN TRADE showed that last year West Germany's trade with the Soviet Union increased by 36 percent and that of France and Italy by 43 and 41 percent. Moreover, Western European countries such as West Germany and Italy showed keen interest in financing the construction of the 5,000-kilometre Siberian gas pipeline.

The 10 billion U.S. dollar project is a tremendous attraction to the Western European countries plagued by a slumping economy. This project, they think, would provide an outlet for their surplus capital and commodities and consequently spur their domestic production. Besides, these countries, which are heavily dependent on imported fuels, are looking for new energy sources.

The United States is following uneasily the swift growth of trade between Western Europe and the Soviet Union, especially the funding of the proposed gas pipeline. It has warned that the project would push the [as received] West Europe's dependence on the Soviet Union for energy to dangerous proportions. The Ottawa summit last month discussed East-West trade at the request of the United States. In a communique issued at the end of the meeting it is stated that for the sake of the West's "political and security goals," the Western countries "will undertake to consult to improve the present system of controls on trade in strategic goods and related technology with the Soviet Union." Soon after the Ottawa summit, however, progress was reported in negotiations between West Germany and other countries and the Soviet Union over the funding of the pipeline project. Moscow reached an agreement in principle with West Germany on July 24 on financing the purchase of pipes, thus breaking the deadlock in the long drawn-out negotiations.

On the other hand, the British FINANCIAL TIMES reported that the trade volume between the U.S. and the Soviet Union increased by 58 percent in the first four months of this year. Following its decision on April 24 to lift grain embargo on the Soviet Union, the U.S. administration on August 5 reached agreement with the Soviets on prolonging their grain trade contract for another year. Almost simultaneously, the Reagan administration announced permission for sale to the Soviet Union by the U.S. Caterpillar Tractor Company of pipe-laying equipment on the condition that this equipment will not be used in the Siberian natural gas pipeline project. The U.S. Commerce Department said that the Soviet Union would probably have bought the equipment from another country if the licence had not been granted to the American firm. The U.S. BUSINESS WEEK said in an article that Western suppliers of pipe and pipe-laying equipment are all eager to share in the 8 billion to 10 billion dollars in related orders.

With their own interests in mind, the U.S. and its allies are not marching in step on trade with the Soviet Union, and Moscow is obviously taking advantage of this for its own political and economic benefits. It is one of the thorny problems facing the Western countries on how to coordinate their trade policies towards the Soviet Union in the context of preserving their strategic unity.

HIGH U.S. INTEREST RATES HAVE IMPACT IN EUROPE

HK150430 Beijing RENMIN RIBAO in Chinese 14 Aug 81 p 7

[Article by Gu Jin [6253 3160]: "The Impact of High U.S. Interest Rates on Western Europe"]

[Text] In making an all-out effort to check domestic price inflation and credit expansion, the U.S. Reagan administration has recently continued its high-interest policy. The high interest rates in the United States have attracted foreign floating capital, resulting in a rapidly rising demand for U.S. dollars in the international money markets. Moreover, the turbulent situation in Poland and the gloomy economic prospects of most of the Western European countries have also caused an outflow of short-term funds from Western Europe. The U.S. dollars are much sought after in the international markets, while the exchange quotations for the currencies of all Western European countries have dropped one after another.

On 4 August, the exchange quotations for U.S. dollars in the Paris money market actually rose by 50 percent compared with the rates 12 months ago. The U.S. dollar could be exchanged for 6.03 French francs or 1,247 Italian lire. On 7 August, the rates rose again and the U.S. dollar could be exchanged for 6.68 French francs, surpassing the highest exchange rates between the U.S. dollar and French francs since 1958. During the period, the central banks of Britain, West Germany, Switzerland, France and Japan have all sold large amounts of U.S. dollars in the money markets, hoping to force down the exchange quotations for U.S. dollars. Nevertheless, all those attempts have failed.

The rapid revaluation of the U.S. dollar has disrupted the stability of the international money markets and produced disastrous effects in the economies of Western Europe. In the first place, the prices of many of the commodities, especially the petroleum products, imported by those countries are mostly calculated in U.S. dollars in international trade. Therefore, with the revaluation of the U.S. dollar, those commodities will become very expensive. Since foreign trade has always occupied a very large proportion in the national economies of the Western European countries, mostly more than 20 percent, the expense of imported goods will definitely stimulate a rise in their domestic prices, thus even more seriously aggravating the unfavorable balance of international payments of the Western European countries, which are already running high deficits. Of course this is something which they can hardly tolerate.

Another threat of the rapid revaluation of the U.S. dollar to Western Europe is that it will disrupt the stability of the European monetary system, which has only been in effect since March 1979. As a matter of fact, the key link of whether or not the member countries of the European Economic Community can maintain unity in their European monetary system lies in the stability of the comparative rates between the currencies of the two major member countries of West Germany and France. (Note: The pound sterling has not joined the European monetary system.) However, because of the impact of the revaluation of the U.S. dollar, France, where unemployment and inflation are comparatively serious, has encountered increasing difficulties in maintaining stable exchange rates for its own currency. A devaluation of the French franc seems unavoidable. Moreover, the other four "weak" currencies in the European community, namely the Belgian francs, the Danish krone, the Italian lira and the Irish pound, are also in a tottering position. It seems that under the impact of the U.S. dollar, there will inevitably be a readjustment in the comparative rates between the currencies of all member countries of the European Economic Community. There should be an increase in the comparative rates of the deutschmark and other currencies including the French franc. However, an increase in the rate of the deutschmark will make the export products of West Germany become very expensive and thereby weaken their competitiveness. West German Chancellor Schmidt has always placed his hopes on increasing exports to free the country from the current economic stagnation. He therefore expressed his resolute opposition to an increase in the rate. This has somehow cast a shadow on the future stability of the European monetary system.

Naturally, the revaluation of the U.S. dollar is not devoid of any merit to Western Europe. It can at least make the U.S. exports to Western Europe very expensive while the prices of export products of Western Europe to the United States fall, making it favorable for the products of Western Europe to compete with those of the United States. The fact that Britain has not adopted a completely negative attitude toward a drop in the exchange rate of the pound sterling is also because of this reason. Nevertheless, despite all this, the harm caused by a rapid fall in the exchange rates of the currencies of the Western European countries still occupies a dominant position at present. This is because most of the Western European countries are now striving to free themselves from their serious economic recession. Therefore, encouraging investments in enterprises, increasing consumption in the markets and increasing employment are all tasks of top priority. However, the revaluation of the U.S. dollar caused by the high interest rates in the United States has forced the Western European countries to first try to increase their bank interest rates in order to protect their own currencies and prevent a large outflow of domestic capital. But, high interest rates are always unfavorable to promoting investments in enterprises, encouraging private consumption and increasing employment in society. To protect the French franc, the French Government was once forced to raise the bank interest rate to a record level of 22 percent. On the other hand, it was doing everything possible to try to stimulate private investments, increase the minimum wage rates and reduce unemployment. These measures could obviously only counteract each other. This has also made the economic difficulties encountered by France even more serious. The other Western European countries are also in a similar situation. Based on the argument that the high interest rates in the United States have impaired the West German economy and caused financial difficulties for the government, West German Chancellor Schmidt has recently refused to increase West Germany's national defense expenditure as stipulated in an agreement reached with the United States. This demonstrates that most of the Western European countries have assumed an attitude of opposition toward the United States' high-interest policy.

However, it would be like climbing a tree to catch fish to demand that the U.S. Government change its course and reduce its interest rates in the near future. It is true that the high interest rates are also harmful to private investment, market prosperity and economic growth in the United States. As a matter of fact, the economic stagnation and recession in the United States in the second and third quarters of this year cannot be separated from its high-interest policy. However, to check domestic price inflation and reduce the growth of credit and money supply, high interest rates are indispensable and must be "upheld with unremitting efforts." Part of the reason that the Carter administration's anti-inflation policy failed last year was that, under the pressure of a serious economic recession, it acted too early to reduce the interest rates to stimulate the economy. As a result, inflation in the United States in the second half of last year was once beyond any remedy. Because of this lesson learned, despite the fact that inflation in the United States has now somewhat eased, the high interest rates have increased the difficulties of the domestic automobile and housing construction industries and there is even the danger that there will be another "recession" in the economy, yet the Reagan administration has still demanded that the U.S. Federal Reserve Bank continue to strictly control credits, maintain high interest rates and prevent any excessive circulation of money in the markets. Indeed, today when the deficit figure in the U.S. federal budget is still as high as around \$50 billion and the United States had prepared to make a big increase in its military expenditures, the monstrous shadow of inflation in the United States will not be easily dissipated. It may in fact stage a comeback at any time. Under these circumstances, how can the Reagan administration so easily give up and change its current high-interest policy?

#### U.S. TO RESUME SUPPLY OF JET FIGHTERS TO ISRAEL

OW180852 Beijing XINHUA in English 0826 GMT 18 Aug 81

[Text] Washington, August 17 (XINHUA)--The Reagan administration today decided to resume the shipments of 14 F-16 and two F-15 jet fighters to Israel, which have been suspended in the past two months in the face of world-wide protest against Israel's new aggressive actions in the Middle East.



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The decision was announced by Secretary of State Alexander Haig in Los Angeles where the National Security Council was meeting and an end to the suspension of the aircraft was one of issues being discussed. In explaining the decision, Haig said that the circumstances under which the suspension was imposed "have been sufficiently changed." He noted that a cease-fire between Israel and the PLO has been holding since July 24.

The embargo, he maintained, had "accomplished a great deal," calling it a "clear manifestation of the discomfort we felt over the raid on the Iraq nuclear reactor." But Haig made it clear that the United States would not say, at least publicly, whether it believes Israel violated the terms of its arms contract with [the] U.S. by using the F-16's in the Iraq raid. "We did not think such a juridical judgment was either necessary or appropriate," he added. He said he believed the shipment of two F-15's and 14 F-16's now will proceed "at the soonest possible moment--a matter of days or hours."

The first suspension of 4 F-16 jet fighters was announced three days after Israel used U.S. warplanes to bomb an Iraq nuclear reactor on June 7. The administration embargoed other 6 F-16's after Israel attacked Beirut July 17. Four more F-16's and two F-15's were also affected later on. During the suspension, the administration stated publicly that it would review whether there was a violation of the 1952 arms sale agreement between the United States and Israel. The agreement rules that U.S. supplied arms can only be used in self-defense and not for offensive purpose.

What is noteworthy is that the decision was made at a time when Menahem Begin is coming to Washington to talk with President Ronald Reagan early next month and this is regarded as a gesture to appease the Israeli prime minister.

Observers here held that the resumption of shipments of aircraft to Israel would provoke strong protests from the Arab countries and make the U.S. more difficult to seek Arab support for joint action against Soviet threat. [sentence as received]

SCHLESINGER, PRC FIRMS SIGN COOPERATION PACTS

OW141358 Beijing XINHUA in English 1211 GMT 14 Aug 81

[Text] Beijing, August 14 (XINHUA)--The Bank of China and the China International Trust and Investment Corporation (CITIC) signed separate agreements on business cooperation with the U.S. financial investment corporation of Lehman Brothers Kuhn Loeb Incorporated (LBKL) here today.

The agreement between the Bank of China and LBKL stipulates that LBKL shall be available to the Bank of China for advice on general financial matters and other matters of mutual interest. The two sides shall, the agreement added, carry out joint research on market trends, commodity prices, general and financial conditions and other issues.

The agreement on business cooperation between CITIC and LBKL stipulates that LBKL will provide CITIC with information, analysis, and advice on all matters of mutual interest, on a continuous and timely basis with a view to developing economic cooperation that is mutually beneficial and in the interests of China's modernization program.

James Schlesinger, senior advisor, and Vincent Mai, head of the international department of LBKL, signed the two agreements on behalf of the U.S. firm. Chairman of the board of directors and President Rong Yiren signed the agreement on behalf of CITIC. Wang Weicai, vice-chairman of the board of directors, and Liu Benkun, deputy general manager of the international department of the Bank of China, signed for the bank.



CHASE MANHATTAN CHAIRMAN DISCUSSES PRC ECONOMY

OW150748 Beijing XINHUA in English 0735 GMT 15 Aug 81

[Text] New York, August 15 (XINHUA)--"I happen to be a very strong supporter of the readjustment process in China," said Willard C. Butcher, chairman of the Chase Manhattan Bank. In an interview with XINHUA here recently, he said, "The elements of readjustment in China is not only the pace but the shape that is the emphasis of light industry."

Large heavy industrial projects, he said, "take two things: great deal of energy and great deal of money, neither of which are abundant in China." However, China does have a lot of people--industrious and disciplined people. It is a very great strength for China to carry out its four modernizations, he said.

The Chase Manhattan chairman said that he has followed the development in China with a great deal of interest. "What I found so pleased was not only the continued commitment to the modernization of China but the infrastructure being placed behind it," he noted.  
[sentence as received]

On Chase's relations with China, he said that "We received a full correspondent relationship for the Bank of China. We also at the same time worked on a number of concrete transactions in the trade field. We also financed the first exportation of oil and petroleum from the people's republic to the U.S. so we have a whole series of ways seeking to assist China in building government trades." He added that when he was in Beijing last June, he opened the representative office of the Chase Manhattan Bank.

He hailed the sound development of the relations between the two countries over the past eight or nine years and wished them to continue to develop more soundly.

JI PENGFEI MEETS U.S. SENATOR JOHN GLENN

OW171218 Beijing XINHUA in English 1213 GMT 17 Aug 81

[Text] Beijing, August 17 (XINHUA)--Chinese Vice-Premier Ji Pengfei met U.S. Senator John Glenn and his party and exchanged views with them on international issues of common concern here this afternoon. Present at the meeting was Hao Deqing, president of the Chinese People's Institute of Foreign Affairs.

The American guests arrived here August 14. Chinese Vice-Minister of Foreign Affairs Zhang Wenjin had a meeting with them. They will leave here tonight on a tour of other parts of China.

YAO YILIN MEETS U.S. CONGRESSIONAL DELEGATION

OW171625 Beijing XINHUA in English 1519 GMT 17 Aug 81

[Text] Beijing, August 17 (XINHUA)--Chinese Vice-Premier Yao Yilin met here today with a delegation of the Foreign Operations Subcommittee of the Appropriations Committee of the U.S. House of Representatives. The delegation is led by Representative Clarence D. Long, chairman of the subcommittee. Other congressmen in the delegation are Mickey Edwards, John Porter and Clair W. Burgener.

Present on the occasion were Xie Li, secretary general of the Chinese People's Institute of Foreign Affairs, and John J. Taylor, counselor for political affairs of the U.S. Embassy here.

The American visitors arrived in Beijing August 15 at the invitation of the institute.

RENMIN RIBAO RECALLS CZARIST ATTACKS AGAINST CHINA

HK141302 Beijing RENMIN RIBAO in Chinese 11 Aug 81 p 5

[Article by Wang Nengxiong [3769 5174 7160]: "How Did Czarist Russia Carry Out Its Aggression Against China?"]

[Text] In the course of the partitioning and enslaving of China by the imperialist powers, czarist Russia was one of the first to carry out aggression and plunder more Chinese territory than any other country.

In 1848, Russian Senior Naval Captain Nevelskoii and his military transport ship set sail to invade China's Heilongjiang [Amur-river] River estuary and the Sakhalin island. In 1850, Miaojie on the Heilongjiang River estuary was forcibly occupied, turned into a stronghold for aggression and renamed Nikolayevsk after the czar. In April 1853, Czar Nicholas I brazenly ordered the invasion and occupation of China's Sakhalin island. In order to further carry out aggression against China, Muraviev conducted three armed excursions along the Heilongjiang River between 1854 and 1856. During these excursions, Russian "immigrants" were shipped to forcibly occupy Chinese territory on the northern bank on the upper and middle reaches of the Heilongjiang River and on both banks of the lower reaches. At the end of 1856, czarist Russia illegally set up the maritime province on the lower reaches of the Heilongjiang River and annexed a vast expanse of Chinese territory into the Russian domain. In August 1857, czarist Russia's representative plenipotentiary Putyatin arrived in Tianjin and put forth to the Qing government the unreasonable demand to establish the Heilongjiang and Wusuli [Ussuri] Rivers as the Sino-Russian boundary line. His demand was categorically rejected by the Qing government. When the allied British and French forces attacked Tianjin and threatened to move on to Beijing, Muraviev on 22 May 1858 led more than 200 troops to Aigun and demanded territory from the Qing government. After 6 days of negotiations, czarist Russia coerced the Qing government into signing the Sino-Russian "treaty of Aigun" by threats of force and political blackmail, taking away more than 600,000 square kilometers of Chinese territory north of the Heilongjiang River and south of the outer Khingan Mountains and putting the Chinese territory east of the Wusuli River under joint Sino-Russian domination. When the czarist government held a rally at Hailanpao on 2 June to "celebrate" the signing of the "treaty of Aigun," they changed the name of the place into "Blagoveshchensk," meaning "city where good news is announced." Muraviev was made a count by czar Alexander II for the "meritorious deeds" he performed during the invasion of China.

Shortly after Muraviev coerced the Qing government into signing the Sino-Russian "treaty of Aigun," Putyatin worked hand in glove with the allied British and French forces and took advantage of the situation to cajole and coerce the Qing government into signing the unequal Sino-Russian "treaty of Tianjin" on 13 June 1858. With this treaty, czarist Russia seized trading rights in coastal ports and a series of special privileges, including the freedom to do missionary work inland, consular jurisdiction and unilateral most-favored-nation treatment in addition to overland trading rights which it had already obtained.

However, czarist Russia was not satisfied. A score of days after the signing of the "treaty of Aigun," Muraviev again led his fleet into China's Wusuli and Songhuajiang [Sungari] Rivers and carried out de facto military occupation in the area east of the Wusuli. Meanwhile, the czarist government dispatched a foreign ministry official called (Perovskiy) to Beijing to take care of the exchange of notes. He demanded the ceding of the Chinese territory east of the Wusuli river but it was rejected by the Qing Government. On 14 November 1860, making use of the military pressure which the allied British and French forces had brought to bear on Beijing and on the pretext of having rendered great services in "mediation," czarist Russia coerced the Qing government into signing the unequal Sino-Russian "treaty of Beijing," thus forcibly putting some 400,000 square kilometers of Chinese territory east of the Wusuli River under Russian jurisdiction.

While forcibly seizing upwards of 1 million square kilometers of Chinese territory in the northeast, czarist Russia also invaded and occupied a vast expanse of territory to the east and south of Lake Balkhash in west China and demanded that the Qing government conduct concrete surveys to delineate the western boundary line in accordance with the principles and regulations laid down in the Sino-Russian "treaty of Beijing." In August 1862, representatives of both sides met at Tacheng [Chuguchak] to discuss the delineation of the boundary line. Under Russian pressure representatives of the Chinese side signed on 7 October 1864 the unequal Sino-Russian "memorandum on defining the Sino-Russian northwestern boundary line." With this, czarist Russia annexed some 440,000 square kilometers of territory in west China.

Between June and July 1871, czarist Russia seized China's Ili District by force and entrenched itself there for 10 long years. On 24 February 1881, the czarist government forced the Qing government to sign the unequal Sino-Russian "treaty of Ili." Through this treaty and the subsequent protocols on boundary survey, czarist Russia incorporated another 70,000 square kilometers of Chinese territory into its domain. In addition, it also obtained an indemnity of 9 million rubles and special privileges such as trading rights and unilateral consular jurisdiction.

In only half a century, czarist Russia seized upwards of 1.5 million square kilometers of Chinese territory through unequal treaties. In 1892, in violation of the 1884 Sino-Russian "protocol on continuing the boundary survey in the Kashgar region" which stipulated that the boundary of Russia "to the southwest" and the boundary of China "runs due south" from the Uz-bel mountain pass, czarist Russia dispatched troops into the Pamir region and forcibly seized more than 20,000 square kilometers of Chinese territory west of the Sarykol range. In 1895, czarist Russia signed a treaty with Britain behind the back of China's Qing government and divided Pamir between them. Thus, the boundary question between China and Russia over Pamir remained unsolved.

In 1895, the Qing government had to borrow huge sums of foreign loans to pay indemnity to Japan after its defeat in the Sino-Japanese war. Seizing this opportunity, czarist Russia ganged up with France and agreed to lend the Qing government 100 million taels of silver at an annual interest rate of 4 percent, using tariffs as guarantees for the repayment of the principal and interest. At the end of the same year, in league with a French banking group, it set up in China the "Chinese-Russian Daosheng Bank" under its control. Through this bank, czarist Russia obtained more privileges, such as the rights to build railroads, set up power transmission lines, open mines and factories and collect taxes in an acting capacity. In 1896, under the signboard of making joint efforts to guard against Japanese aggression, czarist Russia bribed Li Hongzhang into signing the "Sino-Russian secret treaty" and obtained the right to build railroads in China's northeastern provinces. In 1898, czarist Russia forcibly leased the port of Lushun and the Dalian Bay and secured the right to build a branch of the Zhongdong railroad. In this way, China's northeastern province also came under its sphere of influence.

#### RENMIN RIBAO: BAD START FOR USSR 5-YEAR PLAN

HK170728 Beijing RENMIN RIBAO in Chinese 12 Aug 81 p 7

[Article by Lu Chunshu [4151 1317 3219]: "A Bad Start to the Soviet Union's New 5-Year Plan"]

[Text] Recently, the Soviet Central Statistical Administration announced results of how the economic plan was carried out in the first half of this year. Judging from the statistics, neither the figures for industrial production nor agricultural production are satisfactory. This year is the first year of the 11th 5-year plan. Having had no success at this stage means that the new 5-year plan has got off to a bad start.



For a long time, the rate of increase of the Soviet economy has been continuously dropping and this has been particularly so in the past few years. The rate of increase stipulated in this new 11th 5-Year Plan is even lower than that of the past. Nevertheless, the increase of this year's industrial output value has fallen short of the plan. According to reports, the output has fallen short of the plan. According to reports, the output value of industrial products in the first half of this year increased by 3.4 percent, but was 4.2 percent in the same period last year. This year's annual plan is 4.1 percent. The increase of industrial labor productivity was 2.5 percent which was also lower than the same period last year and lower than this year's annual plan. The output of 19 of 62 kinds of major industrial products, such as coal, rolled steel, generators, automobiles, chemical equipment and so on, was lower than the same period last year and among these products, the output of several of them has been decreasing for 2 years running.

There is no evident change in the situation of capital construction either. Problems such as scattered investment and an overextended front have not been solved. Viewed from data issued by the CPSU Central Statistical Administration, only half of the major projects planned to be put into operation in the first half of this year were put into operation as scheduled, accounting for only 13 percent of the projects planned to be put into operation this year. Those which were not completed last year have not yet been completed. The plan for putting projects into operation and the construction plan for residential housing and for cultural and livelihood facilities has not been fulfilled. The CPSU is ill at ease about this and has held special meetings to study solutions to these problems. Both PRAVDA and IZVESTIYA carried editorials stressing, "whether or not the whole economy can continue to develop depends largely on putting planned projects into operation in good time."

Soviet agriculture has all along been a weak link. The planned targets for the 9th and 10th 5-Year Plans were not fulfilled. This greatly affected the development of the whole national economy. The Soviet administration had hoped to do away with the backwardness of agriculture in this 5-Year Plan, but the situation of agricultural production in the first half of this year was still not good and in particular, since the beginning of this summer, the crops have been suffering from drought similar to that in 1972. The crops in some areas have been hit by high temperatures reaching 40 degrees centigrade. The harvest of grain, potatoes and sugar beet will certainly be seriously affected. For this, PRAVDA carried an editorial stressing that grain was not easily come by and called on the people to save bread. These circumstances show that it will be difficult to fulfill the planned targets for this year's grain production.

Since the United States lifted the grain embargo on the Soviet Union in April this year, the Soviet Union has imported 1.05 million tons of grain from the United States. According to statistics, the annual import of grain from 1980 to 1981 was 33.5 million tons. Western specialists of agricultural problems estimate that if droughts continued to occur in the Soviet Union giving rise to crop failure, the annual import of grain from 1981 to 1982 will reach an all time high.

Failure to fulfill the industrial and agricultural production plans has caused tension in market supply. The Soviet press has admitted that there is a shortage of various kinds of commodities. According to reports, there is a shortage of many kinds of commodities such as food, garments, furniture, and so on. The long queues of customers in front of shops have almost become a feature of the daily life of Moscow and other cities. Meat and even potatoes have become objects which people rush to purchase.

It can easily be seen that the new Soviet 5-Year Plan has got off to a bad start. The chronic malady existing in the economy has not been removed. There are various difficulties in implementing the economic policy formulated at the 26th CPSU Congress and the tendency of the rate of economic development to drop has not been curbed.



KCNA REPORTS U.S. SR-71 INTRUSION INTO DPRK

OW150818 Beijing XINHUA in English 0809 GMT 15 Aug 81

[Text] Pyongyang, 15 Aug (XINHUA)--A U.S. SR-71 high-speed and high altitude reconnaissance plane intruded into the airspace over the coastal waters off Kosong, Kangwon Province and Sosura, North Hamgyong Province in an espionage act against the Democratic People's Republic of Korea from 11:22 to 11:30 hours yesterday, according to a KCNA report.

The report said that this was the eighth reconnaissance flight over Korea by U.S. spy aircraft in August.

U.S. planned deployment of medium-range missiles and latest-type fighters in South Korea and their reconnaissance flights over the northern part of the republic show that they are making preparations for provoking a new war, the report said.

LIAONING FIRST SECRETARY RECEIVES DPRK DELEGATION

SK171232 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 17 Aug 81

[Excerpts] According to our reporter (Sun Zhiguang), at the invitation of the Liaoning Provincial CCP Committee, the eight-member KWP delegation of North Pyongan Province of the DPRK, headed by Han Yong-sok, permanent member and secretary of the North Pyongan Provincial KWP Committee, arrived in Shenyang on the afternoon of 17 August. The delegation was welcomed at the railway station by Hu Yimin, secretary of the provincial CCP Committee; (Liu Zhenghao), secretary of the Shenyang Municipal CCP Committee; and responsible persons of the provincial and municipal departments concerned, including (Yu Qili) and (Han Po).

On that afternoon, Guo Feng, first secretary of the provincial CCP Committee, and Chen Puru, secretary of the provincial CCP Committee and governor of the provincial people's government, received the delegation at the office of the provincial CCP Committee and held friendly talks. Attending the reception were responsible comrades of the provincial and municipal CCP Committees, including Hu Yimin, Zhang Zhengde, Zhang Zincun, Liu Yiyun and (Liu Zenghao). That evening, Comrade Guo Feng, in the name of the provincial CCP Committee, gave a banquet to honor the North Pyongan Provincial KWP delegation.

KCNA REPORTS S. KOREAN SOLDIER DEFECTS TO DPRK

OW171234 Beijing XINHUA in English 1219 GMT 17 Aug 81

[Text] Pyongyang, August 17 (XINHUA)--Captain Sok Chong-hyon, commander of the first company, first battalion, 15th regiment, first division of the South Korean puppet army, came over to the northern half of the DPRK, according to a KCNA report. Hailing from Changhowon-up, Yichon County, Kyonggi Province, he was conscripted into the puppet army in December 1974.

Speaking of his motive of coming over to the North, he said he learned from radio broadcasts and press reports about the development in the North and the life of the people there free from exploitation and oppression. He himself witnessed social inequality in the South. He hated Chon Tu-hwan and company for their discrimination against those "opponents" in the army while placing their followers in key positions. On the day when he came over to the North, his immediate superior heaped unbearable personal insults upon him. He came to the demilitarized zone on the pretext of inspecting posts and came over to the North.

JILIN OFFICIAL WANG ENMAO ATTENDS DPRK THEATER

SK140800 Changchun Jilin Provincial Service in Mandarin 2200 GMT 13 Aug 81

[Text] According to our reporter, the DPRK North Hamgyong provincial theatrical troupe gave its first performance at the auditorium of the provincial guesthouse on the evening of 13 August. An opening ceremony for its performance was also held. They were warmly welcomed by the audience.

Attending the performance were Wang Enmao, first secretary of the provincial CCP Committee, and leading comrades from the provincial and Changchun municipal CCP committees and people's governments, including Yu Lin, Yang Zhantao, Liu Yunzhao, Ren Qingyuan and (Chi Jingwu). They also received the troupe's head, Chong I-yong, and deputy heads (Pang Tu-huan) and (Kim Ying-su) before the show opened and talked with them. At the opening ceremony, (Lin Chong), deputy director of the provincial cultural bureau, and (Kim Ying-su), deputy head of the Korean theatrical troupe, spoke. Korean artists presented 16 programs, including a chorus, duets, solos and dances. The audience responded with great applause.

Comrade Wang Enmao and others, accompanied by the troupe's leader, went to the stage to meet the cast and present bouquets to them.

JAPAN CONCERNED OVER SOVIET MILITARY DRILLS

OW180908 Beijing XINHUA in English 0755 GMT 18 Aug 81

[Text] Tokyo, August 18 (XINHUA)--Japanese Defence Agency officials are showing much concern about Soviet military exercises, including missile launching tests to be held from August 18 to September 6 in ocean areas near Japan, according to press reports here. The Soviet Union announced yesterday that it had designated eight ocean areas in the Okhotsk Sea, the Bering Sea and the northern Pacific as danger zones for the exercises. The Japanese Maritime Safety Agency has warned Japanese fishermen of the Soviet announcement which was monitored from Soviet radio broadcasts.

The Soviet-designated danger zones include an explosion area covering 1,600 kilometers of ocean areas from the southeast of the Kamchatka Peninsula to Japan's Boso Peninsula and a 2,500-kilometer long strip from the southern tip of the Kamchatka Peninsula to the northwest of the Midway Island.

The defence agency recalled that the Soviet Union had conducted two global military exercises in 1970 and 1975, but it had never designated such wide danger zones as it did this time. The defence agency has expressed great concern about the Soviet exercises and their aims, the press reports noted.

SOVIET-POLISH COMMUNIQUE ISSUED AT END OF TALKS

OW160837 Beijing XINHUA in English 0829 GMT 16 Aug 81

[Text] Moscow, August 15 (XINHUA)--Stanislaw Kania, first secretary of the Central Committee of the United Workers' Party of Poland, and Wojciech Jaruzelski, chairman of the Council of Ministers, today ended a working visit to the Soviet Union. A joint communique issued at the end of the visit said Kania and Jaruzelski held talks with Soviet leaders including President Leonid Brezhnev on August 14.

During the talks, the Polish leaders said the situation in Poland "remains very complex and difficult. Industrial production and the national income are decreasing, and there are substantial supply shortages. Recent strikes and demonstrations, as well as propaganda against the state and the Soviet Union, have posed a grave threat to the security and independence of the state and the personal interests of the Polish people," the leaders said.

"Therefore," the communique continued, "the paramount and the most important task facing the Polish party and government is to unite all the patriotic forces to save the fate of the motherland, tide over the grave crisis, bring into play the normal role of the national economy, guard against the recurrence of anarchism and resolutely fight against counterrevolutionaries." The communique said that during the talks, Brezhnev stressed that the Soviet Union was "earnestly following developments in the People's Republic of Poland," and that "it is no accident that the antisocialist enemies at home and abroad are arming themselves with anti-Sovietism. They are plotting to drive a wedge between Poland and the Soviet Union."

"In view of the difficult economic situation of the Polish People's Republic," the communique said, "The Soviet Union is giving it considerable material assistance. It has decided to defer the payment of Poland's debts to the Soviet Union to the next five years and supply Poland with additional raw materials for light industry and consumer goods."

"The Soviet-Polish friendship is one of the cornerstones of the present balance of forces in Europe," the communique noted.

OFFICIAL CONDOLENCES ON DEATH OF SFRY'S DORONJSKI

OW171306 Beijing XINHUA in English 1215 GMT 17 Aug 81

[Text] Beijing, August 17 (XINHUA)--Peng Chong, member of the Political Bureau of the Central Committee of the Communist Party of China and vice-chairman of the Standing Committee of the National People's Congress, and Ji Pengfei, member of the CCP Central Committee and vice-premier, today went to the Yugoslav Embassy here to express their condolences on the passing away of Stevan Doronjski, member of the presidency of the federal republic and member of the presidency of the Central Committee of the League of Communists of Yugoslavia (LCY).

Wreaths were laid by the Central Committee of the Communist Party of China, the Standing Committee of the National People's Congress, the Ministry of Foreign Affairs and the International Liaison Department of CCP Central Committee.

Also present on the occasion were Zhang Canming, vice-minister of foreign affairs, Liu Xinquan, deputy head of the CCP, International Liaison Department, Wang Xiaoyi, vice-mayor of the Beijing Municipality and Xie Bangding, vice-president of the Chinese People's Association for Friendship With Foreign Countries.

HU YAOBANG LETTER REAFFIRMS SUPPORT FOR 'ARAFAT

OW180726 Beijing XINHUA in English 0700 GMT 18 Aug 81

["Chairman Hu Yaobang Supports Palestinian People's Struggle"--XINHUA headline]

[Text] Beijing, 18 Aug (XINHUA)--Hu Yaobang, chairman of the Central Committee of the Communist Party of China, yesterday reaffirmed that the Chinese party, government and people will, as always, stand by the Palestinian and other Arab people in their struggle to restore their national rights and lost territory. In his reply to Yasir 'Arafat, chairman of the executive committee of the Palestine Liberation Organization, Hu Yaobang writes, "The Chinese Government and people have always closely followed the developments in the Middle East with deep concern. The Israeli authorities obstinately cling to their aggressive and bellicose policy and have recently committed new criminal acts of aggression against the Palestinian and Lebanese people on the Lebanese territory. We have expressed great indignation over and strongly condemned these acts. We deeply sympathize with the Palestinian people in their sufferings and resolutely support them in their ongoing heroic struggle."

Hu Yaobang's message says, "In your letter you stated that 'the barefaced aggression, serious damage and enormous sufferings can in no way shake the will and determination of our people to continue the revolutionary long march for the realization of our inalienable national rights to return to the homeland, to exercise national self-determination and to establish an independent Palestinian state.' This fully demonstrated the Palestinian people's indomitable fighting spirit and their confidence in final victory. In face of the complex, tense and changeable situation prevailing in the Middle East, we sincerely hope and are convinced that the Palestinian people under the correct leadership of their sole legitimate representative--the Palestine Liberation Organization, will continue to heighten their vigilance, uphold unity within their ranks and among the Arab countries and overcome temporary difficulties on the road to progress for the eventual attainment of their lofty national goal."

EGYPT'S AS-SADAT PLEDGES COOPERATION WITH U.S.

OW160711 Beijing XINHUA in English 0700 GMT 16 Aug 81

[Text] London, 16 Aug (XINHUA)--President Anwar as-Sadat of Egypt has promised to provide the United States with "every facility"--short of military bases--to meet emergencies in any future crisis affecting the Middle East, the SUNDAY TIMES here reported today. The newspaper said that President as-Sadat made the pledge in a letter to U.S. President Reagan during his visit to Washington last week.

In an exclusive interview, the Egyptian president said: "I do not want to see repeated what happened in Afghanistan. This is a crucial commitment because Egypt is at the Middle of three continents: Africa, Asia and Europe." As-Sadat said, "The balance in these areas has been shattered in the past four or five years. The Soviet Union has exploited its opportunities, whether in Africa or where we live, and created an explosive situation."

The president was quoted as saying that the U.S. must not lose a moment to strengthen their military position in the Middle East. "The Rapid Deployment Force is the right idea, but much time is being wasted and we must not be late again," he said.

On U.S.-Egyptian relations, as-Sadat indicated that the two countries should be full partners.



Ruling out military bases in Egypt, As-Sadat said: "I advise Americans not to seek bases, either in Egypt or elsewhere in the world. The era when it was possible to maintain military bases in the Third World is past. They are reminiscent in our minds of the old colonialism." Military bases only invite hatred, he noted. As-Sadat pointed out: "All we want is that the U.S. provide us with the necessary arms to defend our country and, if the need arises, to protect Saudi Arabia."

PRC, OMAN SIGN AGREEMENT ON CULTURAL COOPERATION

OW151520 Beijing XINHUA in English 1507 GMT 15 Aug 81

[Text] Beijing, August 15 (XINHUA)--An agreement on cultural, public health and press cooperation between the Governments of China and the Sultanate of Oman was signed here today at the Great Hall of the People. Huang Zhen, minister in charge of the Commission of Cultural Relations With Foreign Countries, and Ibrahim Hamud as-Subhi, Oman ambassador to China, signed the agreement on behalf of their respective governments.

According to the agreement, which will be valid for five years, the two sides will develop cultural, educational, scientific, public health, sports, publication, press and broadcasting exchanges and cooperation on the basis of the principle of equality and mutual benefit.

A reception was given later by the Commission of Cultural Relations With Foreign Countries for the signing of the agreement.

SUDAN'S KHALIL WARNS OF SOVIET, LIBYAN 'THREAT'

OW141228 Beijing XINHUA in English 1216 GMT 14 Aug 81

[Text] Khartoum, August 14 (XINHUA)--Sudan is facing an imminent threat against its security from the Soviets or Libyans, said Sudanese First Vice-President and Defence Minister 'Abd al-Majid Hamid Khalil at an expatriates and emigrants conference here on August 12, according to the Sudan News Agency.

He stressed that Sudan, with the help of all Arab countries, is capable of repulsing any attempt of aggression. He urged the emigrants representatives to communicate to their brothers the atmosphere of democratic liberties, security and stability they had found in the country in reply to the false rumours spread by the conspirators and agents.

The Sudan News Agency quoted an official source from the Chadian fronts as saying that two Soviet and Cuban military bases have been established in Abeche, eastern Chad, in which Soviet and Cuban forces are equipped with heavy weapons including tanks.

NIGERIAN LEADER EKWUEME LAUDS TIES WITH PRC

OW141706 Beijing XINHUA in English 1653 GMT 14 Aug 81

[Text] Lagos, August 14 (XINHUA)--Nigerian Vice President Alexander Ekwueme today expressed the hope that the fraternal relations between Nigeria and China would be further developed and strengthened. The vice-president made the remarks when he received a Chinese scholar delegation of international affairs which is in Lagos to attend the dialogue on international affairs between China and Nigeria. The vice-president said that he is very happy to see that Nigeria has good relations with China, adding that the two countries have had friendly cooperative relations in agriculture, physical culture and medical treatment. On the dialogue, he said that this kind of academic exchange was very helpful. The previous dialogue of the same kind between Nigeria and China took place in Beijing in July, 1979.

GABON MARKS INDEPENDENCE ANNIVERSARY IN BEIJING

OW171623 Beijing XINHUA in English 1517 GMT 17 Aug 81

[Text] Beijing, August 17 (XINHUA)--Alain Maurice Mayombo, Gabonese ambassador to China, and Mrs Mayombo gave a reception here today in celebration of the 21st anniversary of the independence of the Republic of Gabon.

Chinese Minister of Agriculture Lin Hujia, Vice-Minister of Foreign Affairs Gong Dafei and other leading members of government departments and the Chinese People's Liberation Army extended congratulations to Mr and Mrs Mayombo at the reception. Diplomatic envoys of various countries to China also were present.

CULTURAL EXCHANGE PROGRAM SIGNED WITH TANZANIA

OW151651 Beijing XINHUA in English 1628 GMT 15 Aug 81

[Text] Dar es Salaam, August 15 (XINHUA)--China and Tanzania signed here today a three-year cultural exchange implementation programme in accordance with the Tanzania-China cultural agreement concluded in 1962. The programme was signed by G. Tibakweitira, principal secretary of Tanzanian Ministry of Information and Culture, and Wang Zhongfang, vice-minister of Chinese Commission for Cultural Relations With Foreign Countries.

Tanzanian Foreign Minister Salim Ahmad Salim and Minister for Information and Culture B. Mkapu received Wang Zhongfang and the Chinese Government cultural delegation led by him. The delegation arrived here on August 8 and will leave here for Kenya tomorrow.

ZIMBABWE'S MUGABE CONFIRMS DPRK MILITARY AID

OW141344 Beijing XINHUA in English 1226 GMT 14 Aug 81

[Text] Salisbury, August 14 (XINHUA)--Prime Minister and Defence Minister Robert Mugabe said in a statement last night that "the Government of Republic of Zimbabwe has accepted assistance offered by the Democratic People's Republic of Korea to train and equip a brigade of the defence forces of Zimbabwe." He added, "This assistance is being provided pursuant to the agreement reached between myself and President Kim Il-sung during my visit to Korea in October, last year."

One hundred and six Korean instructors are already in the country and will begin the training of the brigade which is being trained and equipped purely for the purpose of defence and not for any external use beyond the borders of Zimbabwe, Mugabe stressed. "Any reports and speculations to the contrary are entirely false and without foundation whatsoever," he added.

Mugabe said, "The rest of the units of the defence forces of Zimbabwe undergoing training continue to be trained with the British military team in accordance with the agreement between the Governments of Zimbabwe and the United Kingdom."

VISIT BY CANADA'S EXTERNAL AFFAIRS MINISTER

Pretrip Interview

OW151320 Beijing XINHUA in English 1229 GMT 15 Aug 81

[Text] Ottawa, August 14 (XINHUA)--Canada has increasingly good relations with China and both countries have a great deal in common in the East-West and North-South perspective, said Mr. Mark MacGuigan, Canadian external affairs minister, in an interview with XINHUA here this afternoon.

Mr. MacGuigan left here this evening for an official trip to China.

Expressing his satisfaction over the bilateral relations between Canada and China, he said: "We've now had a little over ten years of diplomatic relationships" and "there is much scope for the peaceful trade and cultural relations between our countries and the Chinese Government has encouraged these developments in many ways." His forthcoming trip, he added, will give evidence of other steps on both sides in the same direction. "I look forward to discussions in depth with the Chinese leaders, and by taking with me a delegation including government departments and parliament members and businessmen, we hope to make contact at several levels with the Chinese people."

Mr. MacGuigan emphasized that he is pleased that the Canadian Government has been working with the Chinese Government on the North-South questions. "Our points of view are very similar," he said, adding he was impressed by the fact that the Chinese Government was able to present aid to some countries of the Third World, "even though China itself is a country which is suffering from lack of development."

Questioned about the forthcoming Cancun meeting, he stressed: "We would hope that meeting would give some impetus to global negotiations through the United Nations." It's possible that some agreements in some particular areas would be made there and the Canadian Government is hoping that an active program of energy development in the Third World through the World Bank would be reached at the meeting. He said the Canadian Government is also hoping this meeting would set [the] stage for subsequent meetings including the global negotiations rather than as a bargaining session.

Mr. MacGuigan emphasized that there has been an increasing degree of consensus among the Western countries as to the necessity of "taking a strong stand against Soviet aggression both in Europe and elsewhere."

Referring to the Canadian Government's reaction to U.S. President Reagan's decision to produce neutron warheads, MacGuigan said: "This is a decision by the American Government for the Americans." If the U.S. Government wanted to seek the agreement of the West alliance to deploy the neutron bomb in other NATO countries, then this would become a matter of common concern. At that contest Canada will certainly be prepared to take a role. He added that "Canada itself is a country which has voluntarily given up the right to have nuclear weapons."

Huang Gives Banquet

OW171640 Beijing XINHUA in English 1610 GMT 17 Aug 81

[Text] Beijing, August 17 (XINHUA)--Canadian Secretary of State for External Affairs Mark MacGuigan, Mrs. MacGuigan and their party were honored at a banquet given by Chinese Vice-Premier and Foreign Minister Huang Hua here tonight.

In his speech, Huang Hua paid warm tribute to Sino-Canadian relations, saying that there is a lot the two countries can learn from each other. "The development of our bilateral relations conforms to the interests of our two peoples and makes for peace, security and stability in the world. The Chinese Government highly treasures its friendly relations with Canada and is willing to make continued efforts to further strengthen and expand such relations," he said. He praised Prime Minister Trudeau for his important contributions to furthering Sino-Canadian relations.

On the present world situation, Huang Hua pointed out that "the Afghan and Kampuchean questions are major issues concerning peace in the world as a whole. Up to date, the Soviet Union and the Soviet-backed Vietnam, defying the strong condemnation of the international community, have refused to implement the solemn resolutions adopted at the U.N. General Assembly and at the international conference on Kampuchea and are still occupying the two countries by force, brutally trampling upon the independence and sovereignty of the people there. Under such circumstances, we deem it necessary for all countries defending world peace to increase their cooperation, resolutely uphold the principles of the UN Charter and the norms guiding international relations and firmly support the just struggle of the peoples subjected to aggression so as to force the aggressors to pull out all their troops." He said, "The Canadian Government has upheld justice inside and outside the United Nations, voicing its firm opposition to any armed aggression carried out by a country against a sovereign state. The Chinese Government highly appraise this. China wishes to increase consultations with Canada and coordinate actions with it, proceeding from the above principle position, so as to achieve successes in the common cause of opposing aggression and defending world peace."

Huang Hua said, "In recent years, contradictions and conflicts in the economic relations between the developing and developed countries have become an important issue which must be dealt with properly in international relations. We appreciate the positive efforts made by the Canadian Government to promote the North-South dialogue and help to bring about the convocation of the foreign ministers' preparatory meeting in Cancun." "In our opinion, to resolve the North-South contradictions at their root, it is essential to take a positive approach, reform the old international economic order and establish a new one which is fair and reasonable, and based on equality and mutual benefit. Only thus will it be possible to open up the way to improved North-South relations. We sincerely wish that the North-South summit conference scheduled for October may make progress in this respect and give an effective impetus to the global negotiations within the United Nations."

Dr. MacGuigan said in his speech that the good relationship between Canada and China is a crucial factor in Canada's relations with other Asian countries. "We have come today with an objective to reaffirm our friendship and further develop the relations of cooperation between our two countries," he said. He added that the relations have grown remarkable over the last 11 years since the establishment of diplomatic relations between Canada and China. "An increasing number of students, teachers, scholars, scientists and technologists today study and teach in each other's countries. Trade has multiplied to our mutual benefit. Our athletes, performers and artists are in frequent contact, and our governments exchange views on a growing range of foreign policy issues. All of these are expressions of the growing ties between our two countries," Dr. MacGuigan stressed.



Dr. MacGuigan said he agreed with Vice-Premier Huang Hua's remarks in his speech that in order to achieve successes in the common cause of opposing aggression and defending world peace, Canada and China should increase their consultations and coordinate their actions. "These are the sentiments and spirit which we share," he said.

"As we approach the 70th anniversary of the revolution of 1911," he added, "it is useful to recall that its leader, Dr. Sun Yat-sen, travelled to Canada and received enthusiastic support from Canadians--particularly from Chinese Canadians--in carrying out his historic cause. Today, all Canadians look forward to the continued development of a peaceful and prosperous China in the years to come."

Present at the banquet were Wu Xinyu, Wang Ganchang, members of the Standing Committee of the National People's Congress, He Liliang, wife of Huang Hua, Zhang Wenjin, vice-minister of foreign affairs, Wang Runsheng, vice-minister of foreign trade and Wei Yuming, vice-minister of the state administrative commission on import and export affairs. Canadian Ambassador to China Michel Gauvin and Mrs. Gauvin were among the guests.

Foreign Secretary Mark MacGuigan and his party arrived here this afternoon.

#### Huang, MacGuigan Hold Talks

OW180854 Beijing XINHUA in English 0833 GMT 18 Aug 81

[Text] Beijing, August 18 (XINHUA)--Chinese Vice-Premier and Foreign Minister Huang Hua and visiting Canadian Secretary of State for External Affairs Mark MacGuigan held talks here today.

They had a wide-ranging discussion on the world situation, the Afghan and Kampuchean problems in particular.

Taking part in the talks on the Canadian side were Canadian Ambassador to China Michel Gauvin, member of Parliament Marcel Prudhomme and Deputy Undersecretary of State for External Affairs J.H. Taylor.

On the Chinese side were Vice-Minister of Foreign Affairs Zhang Wenjin and Vice-Minister of Foreign Trade Wang Runsheng.

RENMIN RIBAO URGES IMPROVED SOCIAL SECURITY

OW171321 Beijing XINHUA Domestic Service in Chinese 0727 GMT 17 Aug 81

["Text" of RENMIN RIBAO 17 August editorial: "Advance From Victory to Victory, Strive To Improve Social Security"]

[Text] Beijing, 17 Aug (XINHUA)--Public order concerns the four modernizations and the people's well-being and security. It is a problem of great concern to the masses. The party Central Committee, the NPC Standing Committee and the State Council are very concerned about public order. The Political and Legal Affairs Commission of the party Central Committee held forums on public order in Beijing, Tianjin, Shanghai, Gangzhou and Wuhan in May and laid down correct principles, policies and measures. In June, the NPC Standing Committee adopted three legal documents, including the "Decision on Handling Criminals of Reform-Through-Labor Camps Who Have Escaped From These Camps or Have Committed Further Crimes." The principles, policies and laws have provided an ideological and legal weapon for promptly handling and preventing criminal activities. They have given encouragement to cadres and the masses, held crime in check and served as a warning to would-be lawbreakers. Within only a short time, the masses, including people victimized by criminals, have risen up against crime and criminals; public security fighters have quickly solved a number of new and important cases and have ferreted out criminal gangs which have long been in hiding; procuratorial personnel and judges have sentenced many criminals who have threatened people's lives and property. Many people have surrendered to the police, pleaded guilty in court, brought their own children to court for trial, or openly informed against criminals. Their evidence has helped solve many criminal cases. Order in reform-through-labor and education-through-labor camps and in detention houses has markedly improved. Crime rates in city downtown districts have dropped sharply. This excellent situation is the result of growing social unity and stability, the power of new laws, the resolute implementation of the party's principles and policies and the enforcement of law by many local party, government and political and legal affairs organs.

It is heartening to perceive our improving social public order. But we must never become complacent and lower our guard. Instead, we must grasp the present opportune time and advance from victory to victory to thoroughly improve our social public order.

Strengthening party leadership over political and legal affairs work is a guarantee for improving public order. The party has led the people to make laws, and it must also lead the people to enforce the law. The public security organs, procuratorates and law courts are law-enforcing organs. They hold power over people's lives and property and shoulder the heavy responsibility of maintaining social public order and protecting people's lives and property. These organs must, under the party's leadership, rely on the masses in order to do their jobs well.

By the independent exercising of judicial and procuratorial power, we mean the authority of the law courts and the procuratorate of independently exercising the power entrusted to them by state law.

They must handle cases according to law and never yield to pressure from certain individuals or pervert the law for personal gain. But this by no means implies that the judicial organs can do away with the party's leadership or supervision by other organs, organizations and the masses. Under the party's leadership, all public security, procuratorial and judicial organs must follow the mass line, listen to the voice of the masses and heed their opinions and must never handle cases behind closed doors. Party committees at all levels must strengthen and improve their leadership over political and legal affairs organs and include political and legal affairs work in their agenda, because public order is a particularly salient problem at present. First secretaries must take a personal interest in the matter, and secretaries in charge of political and legal affairs work must strive to do their jobs well. Party committees at all levels must familiarize themselves with law and political and legal affairs.

They must lead political and legal affairs organs to constantly analyze local public order situations, keep abreast of the enemy's intentions and movements and formulate feasible measures to include suggestions to the NPC Standing Committee on law enactment. They must inspect political and legal affairs organs' implementation of the party's line, principle and policy; guide and support the latter's work and help political and legal affairs personnel resolve ideological problems and problems encountered in their work. When problems or difficulties arise, or when a major case or an important public order issue comes up, leading comrades should personally go to the scene to give instructions for solving the problem.

In carrying out the activities to strengthen social security and strike at criminals, it is necessary to conscientiously implement the party's policy, deal steady, accurate and relentless blows at the criminals and strike at the minority, while trying to win over, educate and reform the majority. At times, some of our comrades set our policy against the law. As a matter of fact, both the party's policies and state laws are formulated according to the actual situation, representing the interests of the state and the people. In dealing blows to the criminals and in saving those young people who have taken a wrong step in life, we must not deviate from our policies or laws. At a time when we have achieved fairly good initial results in strengthening social security, we must pay particular attention to implementing the policies of "leniently treating those who acknowledge their crimes" and of "atoning for one's crimes by doing good deeds" according to law. For those law breakers and criminals who turn themselves in, frankly acknowledge their own offenses or inform against or expose others' offenses, we must act according to our policy to either exempt them from punishment according to law, or treat them with leniency according to law, or mitigate the sentence according to law in order to divide and demoralize criminals, solve more cases and facilitate the work of interrogation, education and transformation.

On the basis of the needs to cope with the situation we must continue to adhere to the policy of punishing as promptly and severely as possible those criminals engaged in murder, robbery, rape, bombing and arson as well as other active criminals who seriously endanger society. We must strike at such criminals even more concentratedly and in a planned manner, hold rallies with educational significance and in a civilized form to announce verdicts, support the people's struggles against criminal activities, and warn criminal offenders that it is difficult for them to escape the net of justice and the state laws.

Some of the comrades are worried: If we punish the criminals as promptly and severely as possible, would this practice enlarge the target of attack? This kind of worry is unnecessary. To punish the criminals as severely and promptly as possible according to law is being carried out within the limits of the law. The practice of subordinating oneself to the situation and the practice of acting according to law are not contradictory. The range of meting out punishments as stipulated in the criminal law is aimed at adjudicating various cases with different natures and degrees of seriousness and harm to society. Naturally all such cases are handled differently because the degrees of their harmfulness are different and they may occur at different times and under different conditions. At present, the criminal offenses are fairly conspicuous, and thus the masses may feel insecure. Some of the women comrades need people to escort them to or from work, while some people hesitate to go out in fear of their homes being burgled. Under this situation, how can we set the people's minds at rest and develop the political situation of stability and unity if we do not punish the above mentioned serious criminal offenders as severely and promptly as possible? Thus, in dealing with such criminals, we should detain them, reform them through labor or arrest them as they deserve. We will never give lenient treatment to those who should be severely punished, and we must resolutely execute the handful of people who should be executed. To forgive and tolerate them means cruelty to the masses. Naturally, the policy of punishing the criminals as severely and promptly as possible according to law should not be interpreted as something with which we can handle cases rashly in disregard of the law, illegally arrest people and mete out punishments that exceed what is proper. Nor should we stubbornly mete out severe punishments without taking into consideration the changing situation. However, so far as the entire situation is concerned, the policy to punish criminals as severely and promptly as possible according to law should be unswervingly implemented as long as there is no basic improvement in social order.



Whether the situation of social security in cities, particularly the big cities, is good or not greatly affects the whole country. To bring about a fundamental change for the better in the situation of social security in the whole country, it is necessary, first of all, to strengthen social order and develop social values in cities. All cities must concentrate their efforts on mobilizing the masses, adopt firm and effective measures to improve basic-level organizations and transfer cadres and mediation cadres to reinforce all security organs and help them conscientiously implement "comprehensive measures" in strengthening social security. All cities must also strive to obtain good results in the second half of this year so that their experience can be propagated to inspire and influence the whole nation.

China has scored gratifying results in political and judicial work during the 2 years and more that separated the 3d Plenary Session from the 6th Plenary Session of the 11th CCP Central Committee. However, the chaotic decade greatly undermined social security. It had many aftereffects. Many new problems have cropped up under the new situation. Therefore, it is necessary for the comrades on the political and judicial front to work with tremendous drive, be courageous in overcoming difficulties and be good at summing up their experience and at exploring new paths. They must strive to safeguard social security and ensure the smooth development of China's socialist modernization program.

#### GUANGMING RIBAO ON LAW OF SOCIALIST CONSTRUCTION

HK170824 Beijing GUANGMING RIBAO in Chinese 1 Aug 81 p 4

[Article by Ding Jian [0002 0494] and Zhang Chunsheng [1728 2504 3932]: "Understand and Master the Law of Socialist Construction--Studying 'Speech at the Enlarged Central Work Conference'"]

[Text] The enlarged central work conference held in January 1962 and attended by 7,000 people was a very significant conference in the history of our party. During the conference, the participants made a preliminary summary of the experience and lessons in the "Great Leap Forward" and made criticisms and self-criticisms. In his speech at the conference, Comrade Mao Zedong actively assumed responsibility for the mistakes in the "Great Leap Forward" and put forth the task that it is necessary to put the party's democratic centralism on a sound basis and deepen the understanding of the law of socialist construction. Through the test of practice, the speech was proved to be correct and in line with the objective law of socialist construction.

In his speech, Comrade Mao Zedong discussed a total of six questions, "the central theme being a discussion on the question of practicing democratic centralism and on bringing democracy into play both inside and outside the party." The question was a significant one because, as was pointed out by Comrade Mao Zedong, without a high degree of democracy, it would be impossible to have a high degree of centralization; and without a high degree of centralization, it would be impossible to establish a socialist economy. Nevertheless, there was a lack of democratic atmosphere at that time; and it was almost a common failing throughout the country not allowing people to speak up.

Democracy means allowing people to speak up. This is a significant thought repeatedly emphasized in the speech by Comrade Mao Zedong. He noted: "In resolving contradictions among the people, we must not use abuse, nor our fists, still less weapons. We should only adopt the methods of discussions, arguments, and criticisms and self-criticisms. In a word, we should only adopt the democratic method and allow the masses to speak up." If people in our party and those in general are not allowed to speak up, then there is no democracy at all. Without democracy, and when views are not expressed from among the masses, it is impossible to correctly sum up our experiences and formulate a good line, principles, policies and methods. In a certain sense, the great difficulties encountered in China's economy from 1959 to 1961 were due to the fact that the democratic life from the central authorities down to the basic levels was seriously impaired.

The "Great Leap Forward" and the collectivization movement were rashly launched without having carried out serious investigations and study and pilot projects. As a result, leftist mistakes mainly marked by high targets, unrealistic commands, proneness to boasting and exaggeration and the "communist wind" flourished. Moreover, the fact that the struggle to "oppose rightism" was wrongly launched also further prolonged such leftist mistakes, causing serious losses to the country and the people. We must learn this lesson once and for all.

In his speech, Comrade Mao Zedong closely linked bringing democracy into play and putting democratic centralism on a sound basis with correctly understanding and mastering the objective laws of socialist construction. He noted: To understand the laws of socialist construction, it is necessary to go through a certain process. We must proceed from practice, from being inexperienced to being experienced, from having comparatively little experience to having comparatively great experience, and from socialist construction, this realm of necessity which is not yet fully understood, to gradually overcoming our unrealistic actions, understanding the objective laws and thereby securing freedom, making a flying-leap in our understanding and arriving at the realm of freedom. To achieve this, it is necessary to bring democracy into play and, through the method of "from the masses" and through systematic and detailed investigations and study, make a historical inspection of our experiences of success and failure in our work. Only in this way is it possible to find out the laws that are inherent in objective matters rather than those fabricated out of people's subjective thinking. We should say that this is the correct road for our continuously and penetratingly understanding the objective world amid the struggle for socialist construction.

In his speech, Comrade Mao Zedong also specially emphasized the significance of learning through practice to understanding and mastering the law of socialist construction. He noted: We have still embarked on a number of unrealistic actions in socialist construction. To us, there are still many realms of necessity in the socialist economy which we have not understood. Take myself for example. I still do not understand many questions in socialist construction work. I do not know much about industry and commerce. I know something about agriculture. However, it is only relatively speaking, and I still do not know too much. He suggested that the comrades throughout the party accumulate experience and study hard in the ensuing period of time, gradually deepen their understanding of socialist construction and obtain a clear picture of its law. He spoke with sincere words and earnest wishes: We must devote a lot of time and energy to specific investigation and study. Otherwise, no matter how great our enthusiasm is, things will still go contrary to our wishes; and we shall become fools who embark on foolish things. These words are still of guiding significance to this day.

During the 32 years since the founding of the PRC, we have paid huge amounts of tuition fees in order to understand the objective law of socialist construction and have gained valuable experience. At present, our party has gradually firmly established a correct road for socialist modernization which is suited to China's national condition. The party has pointed out that economic construction must be suited to China's national condition and be in line with the economic and natural laws. It has pointed out that we must act according to our capacity, proceed in an orderly way and step by step, stress practical results through demonstrations and closely integrate the development of production with improvement in the people's living standards. It has also pointed out that we must actively develop foreign economic cooperation and technical exchange on the basis of upholding independence, national autonomy and self-reliance. These principles were in fact put forth after having summed up the experiences over the past 32 years and pooled the wisdom of the masses. They have manifested the demand of the objective laws and the desire of the people and are correct. However, we are still far from obtaining a thorough understanding of the objective world of China's socialist construction. In the course of socialist modernization, we are bound to encounter many more new situations, new things and new problems.

When Comrade Mao Zedong said in his speech that China should build a strong socialist economy in the next 50 to 100 years, he emphasized: "For the sake of this cause, we must do as good a job as we can to integrate the general truth of Marxism-Leninism with the specific practice of China's socialist construction and of world revolution in the future, and then understand step by step the objective laws of struggles through practice." So long as we follow the basic spirit of this speech by Comrade Mao Zedong, study hard, make continuous efforts to practice, conduct continuous investigations and study, seriously sum up our experience, uphold the truth, correct our mistakes at any time, enhance our political consciousness, overcome our blindness in action and do everything possible to observe the objective laws, we will definitely be able to build our country into a prosperous, modern, powerful socialist country with a high degree of democracy and civilization.

RENMIN RIBAO CALLS FOR STAMPING OUT BRIBERY

HK171328 Beijing RENMIN RIBAO in Chinese 7 Aug 81 p 1

[Commentator's article: "Resolutely Stamp Out 'Under-the-Counter' Relations"]

[Text] The Discipline Inspection Commission of the CCP Central Committee has issued a circular to the discipline inspection committees at all levels on a very acute problem: that is, enforcing party discipline and banning the evil practice of "under-the-counter" relations.

Since the promulgation and implementation of the "guiding principles for inner-party political life," our party style has actually improved and this has had a beneficial affect on the overall mood of society. However, "It takes more than 1 cold day for the river to freeze 3 feet deep." A radical change in our party style cannot be achieved in a single stroke. It requires us to carry out arduous and persistent struggle. Some of the evil practices engendered by the 10 years of chaos are still causing trouble in varying degrees even now and the "under-the-counter" relations is among the vilest of them.

In the minds of some people, the so-called "under-the-counter" transactions are those involving people that should receive special benefits because their interests are closely related. In these "under-the-counter" transactions "principles" are discarded and bribery is conducted openly. Often, these transactions are contracted under the pretext of doing things for the state, thus quite a few people are often misled. At present, this evil practice not only exists in our economic life but also erodes our political life. In places where it is in vogue, the party's policies, the assets of the state and collectives and even positions and power are given by some people as "presents" in bribery. As a result, what the people have created with their sweat and blood is squandered, our public employees are corrupted, the prestige of the party is diminished and socialist society is being disrupted.

Such "under-the-counter" transactions are in essence bribery, which is an evil practice of the exploiting classes. However, even in a society ruled by an exploiting class, the rulers for the purpose of securing their rule for a long time, also punish some of the corrupted officials so as to lessen their sharp contradictions with the masses of people. In a socialist country, it is the communist party that is in power. The communists seek nothing except the interests of the broad masses of people. Therefore, the communists are most particular about being honest in performing their official duties and always severely punish those who take bribes and bend the law. Both the "regulations regarding the punishment of corruption" promulgated in 1952 and the "criminal law" promulgated in 1979 clearly stipulate that anyone who receives or gives bribes must be punished according to the law. Within our party, there are also corresponding regulations. These laws and party regulations have indeed played a great role in relying on the supervision of the masses and the party members to prevent the corruption of the party members, particularly the party cadres and employees of state organizations.



Nevertheless, for years, the evil practice of "under-the counter" relations have, after all, seriously harmed our cause. One of the most important reasons for this phenomenon is that our relevant departments have not executed the existing laws or have not executed them strictly. Some of them are not fully aware of the serious nature of the problem, therefore, they are apathetic in fighting against and punishing those who are involved in this evil practice, thus they objectively encourage this evil practice. Others acquiesce, support and even act in collusion and clear the way for a few lawless persons to swallow the fruits of the sweat and blood of the people like whales. The broad party members and masses have long been resentful of this situation.

Not long ago, the State Council issued the "Circular on Banning Evil Practices in the Circulation of Commodities." Now the Discipline Inspection Commission of the CCP Central Committee has issued another circular demanding all party members to be examples in carrying out propaganda and executing the regulations of the circular and resolutely stamp out any under-the-counter relations and bribery in any guise which is outside the field of the regular circulation of commodities. All of our party members, cadres and party organizations at all levels must strictly execute the circular of the Central Discipline Inspection Commission and make full use of the weapon of socialist democracy and the socialist legal system as well as the media to resolutely fight against this unhealthy practice. Party organizations and government departments at all levels, particularly the judicial and discipline inspection committees, must enforce the law strictly and conscientiously and seriously undertake their corresponding responsibilities. Severe punishment should be meted out to all those who engage in the evil practice of the "under-the-counter" relations no matter how high their positions. Criticism and education should be given for minor offenses supplemented by disciplinary actions within the party and administrative measures according to the nature of the offenses. Without exception, offenders must return what they accepted as a bribe or be made to pay restitution. Judicial punishment should be meted out to those who violate the laws. Only by adopting resolute measures can we warn others against following bad examples and stamp out the evil practice of "under-the-counter" relations.

#### RENMIN RIBAO ON WORK STYLE OF PARTY SECRETARIES

HK171448 Beijing RENMIN RIBAO in Chinese 10 Aug 81 p 3

[Article by Xin Tongwen [6580 0681 2429]: "Correctly Carry Out the Party's Democratic Centralism (Part Three)--On the Democratic Work Style of Party Committee Secretaries"]

[Text] Whether the collective leadership of a party committee is effectively carried out is closely connected with the democratic work style of party committee secretaries or the first secretary.

The levels of political theory, work experience and organizational skill of the first party secretary of a party committee (whom we now usually call the No 1 man) are usually higher than those of the other comrades on the party committee (of course, there are some exceptions). Therefore, the No 1 and No 2 men of the party committee shoulder the main responsibility of organizing the activities of the party committee, safeguarding the collective leadership and assigning work to other members of the party committee.

It is only natural that the No 1 man with his outstanding abilities and marked success in carrying out work is trusted and respected by other comrades of the party committee. Under such circumstances, the No 1 man should be more modest and prudent, pay attention to democratic work style and safeguard the collective leadership. Otherwise, he will become the just opposite and pursue patriarchy and the practice of "what I say goes." This will create discontent amount other comrades of the party committee. In so doing, it will be impossible for him to arouse the enthusiasm and initiative of the members of the party committee and draw on the collective wisdom and absorb all useful ideas. He will inevitably make mistakes in his work. He will eventually fall from power after the increasing decline of his prestige. I believe that all of us know of such instances more or less where this has happened.

The first method of work which Comrade Mao Zedong mentions in his "Methods of Work of Party Committee" is: "The secretary of a party committee must be good at being a 'squad leader.'" The 12 methods of work proposed by Comrade Mao Zedong merit the attention of No 1 and No 2 men of the party committee.

During the war of resistance against Japan, I was a secretary of a prefectural party committee. At that time, the deputy secretary and other members of the prefectural party committee said that I lacked a democratic work style. I was upset. I thought that every decision of the prefectural party committee was unanimously ratified by all members of the party committee and my speeches were also discussed and approved by them. Why did they say that I lacked democratic work style? From 1944 to 1945, I studied in Yanan party school for a year. I concentrated on studying the practice of seeking truth from facts, the mass line and the democratic work style. After this study, I further raised my ideological and political level. Only then did I realize that I truly lacked a democratic work style of leadership. It was not because I was rude to others, but because I always regarded myself as infallible. Before delivering my speeches, I never consulted other comrades so as to draw right conclusions. Instead, I always independently prepared a draft (or an outline). At meetings, I used to talk on and on in a flow of eloquence. Due to the fact that other comrades were not mentally prepared, they were unable to raise systematic or other important divergent views. My speeches were thus approved right away. In so doing, I actually forced my views on others. It was right for my comrades to criticize me for my lack of a democratic work style. Even now I still pay attention to correcting my shortcomings in this respect.

The secretary and deputy secretary of a party committee should be good at presiding over meetings so that people will air their views freely. They should be good at listening to divergent views (this is the most important point which merits our attention). They should also respect the opinions of a small number of people (it is common in history that the truth is grasped by a small number of people or one or two individuals). If they realize that their opinions are wrong and those raised by other comrades are correct (even if these opinions are raised by a small number of people or one or two individuals), they should be bold in correcting their erroneous opinions, supporting the correct opinions of other comrades and persuading and guiding the great majority of comrades to make decisions in accordance with the correct opinions. If the majority of comrades temporarily do not accept the correct opinions, should adopt the following two methods to handle the situation; first, defer any decision until the next meeting and all comrades should be encouraged to make investigations and studies and extensively pool the opinions of the cadres and the masses; second, submit the two divergent opinions to the party committee of the higher level for examination and a decision.

Secretaries of a party committee or No 1 and No 2 men should also be good at carrying out the system of division of labor with individual responsibility under the collective leadership of the party committee so that every comrade involved is specially assigned a task and exercises the functions and powers that go with his post. The No 1 and No 2 men should not exceed their power and poke their noses into the affairs of other comrades (with the exception of special cases). Otherwise, it is difficult for those responsible comrades who are specially assigned specific tasks to carry out their duties. This will give rise to unnecessary chaos. Of course, while boldly encouraging those responsible comrades to conscientiously perform their duties, the No 1 and No 2 men should not relax their efforts to supervise and speed up fulfillment of assigned tasks. They should constantly keep in contact with those comrades who are specially assigned tasks, listen to their reports and exchange views with them so as to ensure the work in various fields is correctly and successfully carried out in accordance with the instructions of the party Central Committee and the decisions of the party committee.

To perfect the party committee system, carry forward democracy, expeditiously sum up our work and experiences and strengthen the unity of the party, the first secretary of the party committee (or No 1 and No 2 men of the party committee) should take the lead in the meetings of the party committee in carrying out criticism and self-criticism. He should listen to people's criticism with an open mind. Even if some people air wrong views, they should be encouraged to speak out. After that, the first secretary of the party committee may give some necessary explanations to clear up any misunderstandings and estrangement. It is a type of decadent liberalism not to criticize or correct mistakes of principle. The practice of "glossing over things to stay on good terms" actually harms the interest of the party and hinders the true unity of the party. Whenever problems arise, if we fail to place them on the table for discussion and carry out criticism and self-criticism, the practice of irresponsible criticism in private and spreading hearsay information is bound to prevail. It is dangerous for the main leading comrades of the party committees, party groups and various government departments to turn a deaf ear to criticism or to be fond of "boasting, flattery and touting." During the "Great Cultural Revolution," many of our veteran comrades drew the following lesson: Those who usually fawned over them always took the lead in "rebellious" against them during the "Great Cultural Revolution." They did evil things against these veteran cadres or even went so far as to beat them down and keep them underfoot. This should be remembered as a valuable experience by our cadres.

#### COMMENTARY ON CORRECT ATTITUDE TOWARD ERRANT CADRES

HK170550 Beijing GONGREN RIBAO in Chinese 6 Aug 81 p 1

[Ideological commentary by Li Jiwen [2621 4949 5113]: "Take a Correct Attitude Toward Comrades Who Commit Mistakes"]

[Text] We communists have shouldered the great historical task of transforming the world and mankind and are engaged in a completely new cause which has never been attempted by our forefathers. In the prolonged and complicated course of our revolution, it is inevitable that our comrades may make mistakes and errors of some kind or other. However, an overwhelming majority of our comrades who have made mistakes are willing and able to correct them. Therefore, it is a problem of utmost importance for strengthening inner-party unity and consolidating the party organization to handle inner-party contradictions appropriately and to treat errant comrades correctly.

The decades of history of our party have proved that the only correct policy of our party in treating errant comrades is to adhere to "learn from past mistakes to avoid future ones and to cure the sickness to save the patient." To correctly adhere to this principle, we should, first and foremost, make a concrete, historical analysis of the mistakes in a dialectical materialist way. Every errant comrade has specific historical surroundings and specific subjective and objective causes for his mistakes that cause them to differ from those of other errant comrades. Moreover, there are also differences in the nature and degree of their mistakes made unconsciously or knowingly. Hence, we must make a concrete analysis of mistakes and especially a historical analysis of the mistakes committed during the "Great Cultural Revolution." The "Great Cultural Revolution" was a very special historical phenomenon. It was a comprehensive and prolonged mistake committed by our party. Comrade Mao Zedong's erroneous theory and specific and general policies in its whole course were exploited by the Lin Biao and Jiang Qing counterrevolutionary cliques and aggravated to the extreme. Under such circumstances it was very difficult to stand up against the adverse current and few people said or did nothing wrong. In order to take a correct attitude toward the great number of comrades who committed mistakes under the circumstances of extremely abnormal inner-party life, the central party authorities have clearly called on us to view the mistakes under the specific historical circumstances at the time, make allowance for the important factor of historical circumstances, be rough rather than meticulous, be lenient rather than severe and refrain from getting entangled in vendettas for old historical events.



We should be aware that most of the comrades followed the mistakes of the upper levels or the major leaders and their mistakes were of the nature of carrying out the mistakes of the upper levels, therefore, we should not take them too seriously. We should adopt an enthusiastic and obliging attitude toward all the comrades who have committed mistakes, including those who have committed serious mistakes except those die-hards who have followed Lin Biao and the "gang of four" faithfully in doing bad things and those who are evil in essence and who planted and stolen goods on or fabricated charges against others on purpose to persecute them. We should only deal severely with the latter. Any comrade who has admitted his mistakes, made self-criticism, cleaned his thoughts and drawn lessons from his mistakes has, in fact, corrected his mistakes. Such comrades should be treated leniently so that they may be freed from the burden in their minds, plunge into the construction of the four modernizations joyfully with a light heart and bring their initiative into play.

In accordance with the spirit of uniting comrades as well as clarifying thought, we should actively make approaches to every comrade who has committed mistakes, help him sincerely, do more work to unite and educate him and encourage him to criticize and correct his mistakes consciously so as to strengthen his resolve for and confidence in turning over a new leaf. There was a very evil practice in the past that as soon as a comrade made a mistake, everybody gave him the cold shoulder and avoided having any contact with him and even his most intimate comrades were afraid to greet him. This was the result of "leftist" thinking and implicating people without reason. We must put an end to such practice. We should criticize and help a comrade who has committed mistakes in the manner of seeking truth from facts and neither cover up nor overstate his mistakes. The criticism must be fully reasonable, in a manner of a gentle breeze and a mild rain, dispassionate and instructing so as to help him raise his consciousness and draw lessons from his mistakes. It should not be simple, rough or conveyed in an exaggerated or intimidating manner. It takes time for someone to realize and correct their mistakes. They should not be forced to make self-criticism (self-criticism is certainly a must) or even forced to admit everything they are accused of, before they come round. It is natural that sometimes people do change their minds after admitting their mistakes and for this we should not say that they are "reversing the verdicts." The erroneous practice in the past such as holding criticism meetings wantonly, obtaining confessions by compulsion and giving them credence, and even personal insult and persecution should be severely banned.

"Learning from past mistakes" is for "avoiding future ones" and "curing the sickness" is for "saving the patient." The criticism or punishment of comrades who make mistakes should be appropriate and should leave room for maneuver so as to help them to correct their mistakes and to make amends for their faults with good deeds. The responsibility for the mistake of any person should be taken by the person himself, it should not involve others at higher or lower levels. If only a comrade who has made mistakes realizes and is willing to correct his mistakes, a job should be assigned to him in good time instead of delaying his assignment for a long time. If he achieves successes in his work later, he should be duly awarded, promoted or put into an important position according to his merits.

It goes without saying that a comrade who has made mistakes should not only ask his organization and comrades to take a correct attitude toward him. He should first of all correctly see his own mistakes. He should not hide his sickness for fear of treatment but wholeheartedly accept the criticism and help of his organization and comrades, bravely make self-criticism, conscientiously correct his mistakes and do his work better for the party. If he obstinately refuses to admit the mistakes he has obviously made and to make self-criticism and rejects the correct conclusion and punishment of the organization, or even stays in bed and refuses to work, not only can he not get the help to make him realize and correct his mistakes but he will go further and further on his wrong path which may even lead him to a position opposed to that of the party and the people. This is very dangerous.

The party organization should criticize and educate him and if he refuses to come round after education, necessary punishment should be meted out to him promptly. Such criticism, education or necessary punishment is still aimed at helping comrades who make mistakes to realize and correct them.

ADOPTION OF 'PRACTICAL' PROTOCOL SYSTEM URGED

HK170752 Beijing RENMIN RIBAO in Chinese 6 Aug 81 p 8

[Article by Li Luo [2621 3157]: "On Protocol Reform"]

[Text] According to a recent press report, in order to cut expenses, the Yugoslav Government has formulated a protocol system to simplify the protocol activities of foreign guests and of Yugoslav Government personnel visiting foreign countries. With regard to the reception of foreign guests at all levels including head of state, prime minister, speaker of a legislative body and minister, the system gives concrete directions for their length of stay, the number of reception personnel and the number of banquets. The Yugoslav Government has also notified diplomatic envoys to Yugoslavia that from now on, Yugoslav delegations at all levels will not give any return banquet in foreign countries. This system was immediately put into effect when it was formulated by the government. For example, during his recent visit to Italy, Cvijetin Mijatovic, president of the Socialist Federal Republic of Yugoslavia [SFRY], had an entourage of less than 10 people.

I think that Yugoslavia has done well in formulating and implementing this system. For us, it is worthwhile studying this system for our reference and it is even worthwhile imitating this system. For a long time, our country's protocol rules concerning the reception of foreign guests were grand and sumptuous. Even in the early 1960's when gasoline was in short supply, some 40 to 80 limousines would go to the airport to meet a foreign head of state or a foreign prime minister visiting China. In addition, several thousand people including many middle and primary school students wearing red scarfs would be transported to the airport by large trucks. When they arrived at the airport, they would stand in a circle and would shout and jump for joy when they saw the foreign guests. This kind of ceremony was performed even in a severe winter or in the intense heat of summer. However, following the 3d Plenary Session of the 11th CCP Central Committee, this kind of protocol ceremony has been changed: All kinds of reception personnel have been reduced including the people who accompany foreign guests to state banquets and feasts which are held in honor of the foreign guests; the people who accompany foreign guests to theatrical soirees; and the people who accompany foreign guests on visits to places of historic interest and scenic beauty. Our news reports on protocol activities concerning foreign guests have also been simplified. However, in my opinion, our kind of reform is not as thorough as the Yugoslav reform. There is still a situation in which those in subordinate positions will follow the example set by their superiors. Some ministries, commissions, and mass organizations still do what they think is right and do not handle affairs in accordance with the rules formulated by the state. The major problem is that they give too many banquets and have too many reception personnel. According to the current protocol rules, only one banquet will be held in honor of a group of foreign guests. An appeal was once made for "conforming to the principle of simplicity." But what are the facts? Although only "one" banquet is given, one can get around regulations to freely decide on an acceptable cost of the banquet. The fact is that no restriction has been placed on the number of people who attend a banquet held in a guest's honor. The number of such people at a banquet is always three to five times more than the number of foreign guests. When a foreign guest goes sight-seeing in other parts of China, this guest is accompanied by at least one of his counterparts from the host unit and at least one interpreter. (This is because very few responsible persons of certain units that engage in foreign affairs can speak a foreign language.) Moreover, the quota is raised at each level. Therefore, when the foreign guest arrives at a place for a visit, he is already accompanied by a sizable "contingent" of reception personnel.

Since Chinese cooking is well-known throughout the world, inviting foreign guests to enjoy this "culture" should give no cause for criticism. However, a banquet with over 10 courses has shocked our foreign guests and given them a cause for criticism. (Some foreign guests criticize this kind of banquet to the host's face and other foreign guests have written articles criticizing it after returning to their own countries.) This is really going too far. What is the reason for inviting and receiving foreign guests? Everybody can answer this question without thinking: to increase mutual understanding, to strengthen business contacts and to promote friendship between the Chinese people and the peoples of all other countries. But can we attain these goals by simply relying on sumptuous feasts? There is also a problem in giving people jobs that are suited to their special training. Although our personnel hold positions that are equal to those of the foreign guests they accompany, they always show a lack of familiarity with their professional work. Let us leave aside issues concerning advanced industrial and agricultural technology for the moment. During their visits to places of historic interest and scenic beauty, some foreign guests asked the ages of certain buildings and frescoes. But our personnel who accompanied them on these visits were dumfounded because they did not know the answers. This proves the point made by Comrade Hu Yaobang in his speech at the meeting held in celebration of the 60th anniversary of the founding of our party: "What we know about the China of yesterday is not too much, but too little."

China is still a poor country. Our country is still not a country with a high level of civilization. We must continue to simplify administration and cut expenses over a relatively long period of time. With regard to our dealings with foreign nationals or organizations, we should be practical and realistic and should act according to our capability. We hope that we can also formulate a practical protocol system just like the Yugoslav one.

#### 59.2 PERCENT OF ANNUAL TAX QUOTA COLLECTED

OW171214 Beijing XINHUA in English 1209 GMT 17 Aug 81

[Text] Beijing, August 17 (XINHUA)--China collected a total of 30,586 million yuan in industrial and commercial taxes between January and July this year, meeting 59.2 percent of the annual quota, according to the Ministry of Finance.

This represented a 4.6 percent increase over the same 1980 period, the ministry said.

#### INDUSTRY, COMMERCE TAX LEVIED ON ENTERPRISES

OW171955 Beijing Domestic Service in Mandarin 2230 GMT 14 Aug 81

[Text] According to a report by ZHONGGUO CAIMAO BAO, the State Council recently issued a circular approving a regulation drafted by the Ministry of Finance on levying industry and commerce tax and the handling of profits of industrial enterprises that sell products that they have produced.

It has been approved that starting 1 August, industry and commerce tax will be levied on industrial enterprises that sell products that they have produced.

#### INTERNATIONAL TRUST, INVESTMENT FIRMS FORMED

OW180900 Beijing XINHUA in English 0812 GMT 18 Aug 81

[Text] Beijing, August 18 (XINHUA)--Twenty-two international trust and investment companies and Overseas Chinese investment companies have been set up in 16 Chinese provinces and municipalities following the inauguration of the China International Trust and Investment Corporation in October 1979.



Among the first such companies ever set up in China are, apart from the China International Trust and Investment Corporation, the Huajian Company of Shandong Province, the Guangdong Trust and Investment Corporation, the Fujian Investment and Enterprise Corporation, the Zhejiang Overseas Chinese Investment Corporation, the Beijing General Corporation of Economic Construction, the Tianjin International Trust and Investment Corporation and the Guangzhou Trust and Investment Corporation.

In the last two years, these eight companies have borrowed \$108.25 million in medium-and long-term loans from foreign banks and in deposits by Overseas Chinese and Hong Kong and Macao compatriots. They have set up nine joint ventures with Chinese and foreign investment totalling \$78 million and 45 Chinese-overseas cooperative enterprises with a total investment of \$79 million.

The China International Trust and Investment Corporation has invested \$7 million in projects producing molybdenum concentrate, phosphorus ores and graphite electrodes. The Xiaosigou molybdenum mine in Hebei Province has expanded production with investment by the corporation. Instead of suffering losses as in the past, the mine has exported 500 tons of molybdenum concentrate valued at \$3 million since last year.

A passenger and cargo fleet sailing from Xiamen (Amoy) to Hong Kong run by the Fujian Investment and Enterprise Corporation and a Hong Kong firm handled 140,000 tons of export cargo, 130,000 tons of domestic cargo and 45,000 passengers in 1980.

The Tianjin International Trust and Investment Corporation is using \$10 million to revamp eight enterprises in the city's chemical, steel rolling, medical, textile and light industries. Four of them have started operation.

The Zhejiang Overseas Chinese Investment Corporation has introduced a compensation trade item with a three million yuan investment by a Hong Kong firm for the Hangzhou No 2 cotton mill. The Guangdong Overseas Chinese Enterprise Corporation has introduced 10 items for processing and assembling with materials provided by foreign customers.

These companies offer consultation services, including making investigations for both Chinese and overseas firms.

#### CULTURE MINISTRY ON NATIONAL RECOGNITION MEETING

OW160628 Beijing XINHUA Domestic Service in Chinese 0113 GMT 16 Aug 81

[Text] Beijing, 16 Aug (XINHUA)--The Ministry of Culture recently issued a circular to all parts of the country saying that a meeting will be held in Beijing in December to commend the advanced collectives and individuals in cultural and art work in rural areas throughout the country.

The circular points out: Since the downfall of the "gang of four," especially since the 3d Plenary Session of the 11th CCP Central Committee, cultural undertakings and activities for the rural masses have been revived and developed, and new forms of organizations and activities such as the cultural centers have come into existence. The masses' cultural life in the rural areas is becoming more and more colorful and varied.

The circular says: The comrades working on the frontline of grassroots cultural work in the rural areas have demonstrated a keen sense of responsibility, overcome difficulties, worked hard and continuously opened up new prospects for work. For decades many comrades have worked hard and unostentatiously, seeking neither fame nor gain, but to wholeheartedly serve the rural masses. Professional cultural and art workers serving the rural areas have insisted on going to the countryside and mountain areas, the remote and backward areas, to deliver culture and art to the doorstep and serve the peasants in every way possible. All this has played a fine role in promoting the development of agricultural production and enhancing stability and unity in the rural areas.

The circular stipulates: To be commended at the meeting will be mass art museums, cultural centers and cultural stations as well as prefectural and county units in art performance, motion picture distribution and projection, books and other units serving the rural areas. The meeting will publicize their advanced thinking and deeds and exchange their advanced experiences to further promote the growth of cultural work in the rural areas.

The circular says: This is the first national meeting to commend the advanced collectives and individuals in rural cultural and art work to be held since the founding of the People's Republic.

The circular calls on provincial, municipal and autonomous regional culture bureaus to strengthen leadership over this work and draw up concrete implementation plans. The work should be done on a solid basis, seeking truth from facts, following the mass line and preventing fraud and other unhealthy practices so that advanced collectives and individuals can be chosen according to the evaluation standards and requirements. The purpose of the evaluation is to give the vast numbers of cultural and art units and workers encouragement and education so they will further adhere to the party's orientation for literature and art, raise their professional level, strengthen unity and make greater contributions to building a material and spiritual civilization for the new socialist countryside.

The circular calls on the vast numbers of rural cultural and art workers and cultural and art units serving the rural areas to participate in the evaluation and selection with a positive attitude and to work hard and greet the convocation of the commendation meeting with outstanding achievements.

#### PARTY, STATE LEADERS MEET MINORITY TEACHERS, YOUTH

OW171638 Beijing XINHUA in English 1513 GMT 17 Aug 81

[Text] Beijing, August 17 (XINHUA)--Party and government leaders met here today with outstanding minority nationality teachers and youngsters now in Beijing on their summer vacation. Li Xiannian, Fang Yi, Ni Zhifu, Peng Chong, Wan Li, Xi Zhongxun and Yang Jingren praised the teachers for their hard work in educating members of minority nationalities. Li Xiannian and others also met today with minority nationality youngsters from the science and technology summer camp.

The 57 excellent teachers represented 17 minority nationalities from eight provinces and regions. They visited and toured Beijing and exchanged experiences with capital educational workers from August 3-17. The 215 youngsters and 25 assistants of the science camp were from 54 minority nationalities. This was the first time such a summer camp was organized for minority nationality youngsters. The youngsters educational experiences during the summer camp included viewing scientific displays and specimen collections.

Also attending the meeting were Zhou Peiyuan, vice chairman of the national committee of the Chinese People's Political Consultative Conference and chairman of the China Association for Science and Technology, and Jiang Nanxiang, minister of education.

JIANGXI CONGRESS COMMITTEE HEARS ECONOMIC REPORT

OW171935 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 17 Aug 81

[Text] The eighth session of the Standing Committee of the Fifth Jiangxi Provincial People's Congress held a plenary meeting this morning to hear a report by Vice Governor Wang Shixian on the province's economic work from January to July of this year and on arrangements made for economic work to be done in the remaining 5 months of this year. Zhang Yuqing, vice chairman of the Standing Committee of the provincial People's Congress, also gave a briefing on an inspection of work by Standing Committee members.

Luo Mengwen, vice chairman of the Standing Committee of the provincial People's Congress, presided over the meeting. Present were Chairman Yang Shangkui and Vice Chairmen Zhang Yuqing, Li Fangyuan, Xu Min, Gu Jiguang and Xie Xianghuang of the Standing Committee of the provincial People's Congress

In his report, Vice Governor Wang Shixian said: In accordance with the guidelines laid down by the 6th Plenary Session of the 11th CCP Central Committee and a forum of provincial, municipal and autonomous regional party committee secretaries, the provincial people's government seriously analyzed the progress of economic readjustment in the January-July period of this year and made arrangements for the economic work to be done in the remaining 5 months of this year. Now I will present a report to the Standing Committee of the provincial People's Congress for consideration.

This report is divided into two parts: 1) The situation in economic work in the January-July period; 2) arrangements for the economic work to be done in the remaining 5 months of this year.

The first part of the report points out: Since the beginning of this year, the economic situation in our province has been good. Progress has been smoothly made in economic readjustment. The agricultural production situation is gratifying and a good harvest of early rice has been reaped. The early rice output is estimated to be 4.2 percent more than last year. The output of spring oil-bearing crops increased by 61.7 percent as compared with last year. In total industrial output value, the province fulfilled 56.8 percent of its annual plan, a 0.8 percent increase over the same period last year. The scale of capital construction was reduced by 40 percent compared with last year and the amount of investment was cut by 28.3 percent. The province fulfilled 53.7 percent of its annual revenue plan, a 1.6 percent increase over the same period last year, while its expenditures were cut by 10.1 percent compared with the corresponding period last year. Revenues were larger than expenditures. The volume of retail sales increased 11 percent over the same period last year. Fresh developments have also been made in science, education, culture, public health, sports, journalism, broadcasting, publishing and other undertakings. Further political stability has been achieved.

Vice Governor Wang Shixian said: All these achievements have been made through the concerted efforts of the people throughout the province under the direct leadership of the provincial party committee. The provincial people's government has made a particular effort to do the following in economic work since the beginning of this year.

1. It has conscientiously implemented the policy of further economic readjustment and political stability, has formulated the economic readjustment plan for this year and has set forth 11 tasks and measures in economic readjustment.
2. It has vigorously reduced the scale of capital construction, has brought it under strict control and has readjusted the orientation of investment in a planned way, thus speeding up the construction of key projects.



3. It has made vigorous efforts to cut down on various kinds of spending, has vigorously grasped financial revenues and has strengthened financial, credit and cash management.

4. It has made continuous efforts to institute and perfect various responsibility systems in agricultural production and has conscientiously implemented the guiding principle of vigorously grasping grain production and developing a diversified economy. As a result, an unprecedentedly excellent situation has occurred in the vast countryside of the province.

5. It has vigorously grasped the production of consumer goods and energy as well as industrial readjustment and restructuring and has made continuous efforts to carry out reforms conducive to economic readjustment, thus promoting the development of industrial and communications production.

6. Efforts have been made to purchase commodities and to increase the marketing of them, thus improving the circulation of commodities.

As far as the province's overall situation is concerned, achievements were made in further economic readjustment in the first half of this year and the development of economic work as a whole was normal and sound.

However, there are still some problems that cannot be ignored:

1. Industrial production and economic results are not good enough.
2. The purchase of farm and sideline products is slow and the prices of vegetables has risen.
3. The development of a diversified economy in the countryside is not even.
4. The consumption of food grain has noticeably increased.

We must conscientiously sum up our experiences regarding these matters while carrying out our future tasks.

Comrade Wang Shixian pointed out in the second part of his report that Jiangxi will carry out its economic work in the next 5 months on the basis of studying well the resolution unanimously adopted by the 6th Plenary Session of the 11th CCP Central Committee and with unified understanding, stronger unity and revitalized spirit. He urged the economic departments in Jiangxi to grasp production well, fulfill this year's economic plan in a comprehensive way and continue to improve the proportionate relations of the economy so as to achieve a steady economic development in the course of economic readjustment and reform. He said the following tasks must be done well in the second half of the year:

1. In agricultural production, efforts must be geared toward combating natural disasters and achieving a bigger bumper harvest of late rice and a better diversified economy.
2. Efforts must be exerted to improve the economic results of the industrial enterprises so that both production and revenue will be increased, and this year's industrial production plan will be fulfilled or overfulfilled.
3. Commodity circulation must be further improved. Purchasing of agricultural and sideline products must be stepped up in order to enliven the markets in urban and rural areas.
4. The scale of capital construction must continue to be brought under control. Financial revenue must be ensured and credit management must be strengthened.

5. All types of economic responsibility systems must be established and perfected in a own-to-earth manner.
6. Scientific research in economic construction must be intensified.
7. Preparations for next year's production and construction must be done well.

Following the vice governor's report, Vice Chairman Zhang Yuqing made a report on the inspection tours conducted by members of the Standing Committees of the NPC and the Jiangxi Provincial People's Congress. He said that members of the NPC Standing Committee in Jiangxi and some members and work staff of the Standing Committee of the Jiangxi Provincial People's Congress were organized last May to inspect 38 counties and cities in Shangrao, Jiujiang, Ganzhou and Jian Prefectures and Nanchang, Jingdezhen and Jiujiang--three municipalities under the provincial jurisdiction--to see how the resolutions adopted by the third meeting of the Fifth Provincial People's Congress, particularly the resolutions regarding economic readjustment, have been implemented. During the inspection, everybody saw with their own eyes the gratifying situation in all sectors and heard many specific opinions, suggestions and requests presented by people's representatives, cadres and masses. Those that were within local jurisdiction have been turned over to the local governments for study and action. The general office of the provincial People's Congress Standing Committee has sent 69 requests, which should be resolved by the province, to the general office of the provincial people's government for study and action. It has also requested that the results be referred to the Standing Committee of the provincial People's Congress.

Present at this morning's session as observers were provincial Vice Governors Wang Shixian, Xu Qin and Fang Qian; vice chairmen of the provincial CPPCC Committee Zhong Ping, Lai Shaoyao, Lu Xiaopeng, Shen Hanqing and Liu Jianhua, as well as all the members attending the 17th meeting of the Standing Committee of the 4th provincial CPPCC Committee; (Zhang Xiqing), vice president of the provincial People's Higher Court; (Hu Lifeng), deputy chief procurator of the provincial People's Procuratorate; and leading members of departments concerned of the provincial people's government, as well as leading members of standing committees of people's congresses of some counties, municipalities and districts under municipal jurisdiction.

#### SHANGHAI SYNOD FORMS COMMITTEE, ADOPTS REGULATIONS

OW161930 Beijing XINHUA Domestic Service in Chinese 1631 GMT 15 Aug 81

[Text] Shanghai, 15 Aug (XINHUA)--The fourth Shanghai Christian synod was held in Shanghai from 11 to 15 August. The synod decided to set up an administrative committee of the Shanghai Christian churches and adopted regulations of the Three Self Patriotic Committee of the Protestant Churches of Shanghai and regulations of the administrative committee of the Shanghai Christian churches.

The synod elected Luo Guanzhang as chairman of the Three Self Patriotic Committee of the Protestant Churches of Shanghai, and Qi Qingcai as chairman of the administrative committee of the Shanghai Christian churches.

#### ZHEJIANG RADIO COMMENTARY ON FINANCIAL DISCIPLINE

OW160924 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 16 Aug 81

[Station commentary: "Uphold Financial and Economic Discipline, Check Unhealthy Tendencies"]

[Text] The Ministry of Finance and the State Economic Commission recently issued a joint circular calling for conducting an inspection of financial and economic disciplines in all state-owned enterprises.

It is one of the important duties of the financial control departments in government organizations at all levels to uphold financial and economic discipline and check unhealthy tendencies. In the present situation, to carry out this glorious yet arduous task is of great significance toward further elimination of the pernicious influence of leftist mistakes in the economic sector, strictly enforcing party discipline and state laws, checking unhealthy tendencies and fostering healthy ones, consolidating the situation of stability and unity and promoting the development of the four modernizations.

This station today has reported the experiences of financial control departments at various levels in Ningbo Prefecture in making remarkable achievements in work under the leadership of the prefectural and county party committees. This is a good example for us to follow. Ningbo Prefecture's experiences in upholding financial and economic discipline and checking unhealthy tendencies are mainly characterized by stressing and grasping what is most important. To achieve this purpose, the present work of financial control should be carried out with a view toward striking a balance between revenue and expenditure and checking unhealthy tendencies in the economic sectors. At present, vigorous efforts should be made to investigate and deal with serious cases of violation of financial and economic discipline that have affected the balance between revenue and expenditure as well as cases of retaliation against financial and accounting personnel.

Ningbo Prefecture's experiences in upholding financial and economic discipline and checking unhealthy tendencies show us that the work of financial control involves policy and wide contact with people. In addition, financial control offices have recently been set up and have become efficient in their work. Furthermore, since some cases of violation of financial and economic discipline involve the question of whether or not party members and leading cadres follow party discipline and work style, obstacles to handling such cases are avoidable. However, financial control cadres can certainly do their work well provided they have the courage, are proficient, brace themselves, work hard and rely on the masses under the leadership of local party committees. As for cases that are difficult for financial control departments to investigate and handle, party discipline inspection commissions should organize personnel to make concerted efforts to timely investigate and quickly handle such cases in coordination with the financial control departments.

In their day-to-day work, financial control departments at various levels should make timely reports on their work to party discipline inspection commissions so that the latter will pay attention to and support the former's work. This will ensure the smooth implementation of the party's line, principles and policies.

#### BRIEFS

**ZHEJIANG EARLY RICE**--Zhejiang Province has reaped a bumper harvest from its 16.86 million mu of early rice. The average per-mu yield is approximately 753 jin, topping last year's per-mu yield by 33 jin. Although the acreage for Zhejiang's early rice this year is about 280,000 mu less than last year, the total yield has still reached 12.7 billion jin, or 350 million jin higher than last year. [Hangzhou Zhejiang Provincial Service in Mandarin 1040 GMT 15 Aug 81 OW]



GUANGDONG FORUM REVIEWS FINANCIAL RESPONSIBILITIES

HK170158 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 15 Aug 81

[Excerpts] The provincial finance department recently held a forum on financial work, which called on finance and tax cadres and staff throughout the province to unite as one, boost their spirit, vigorously organize financial revenue and strive to fulfill the year's revenue plan ahead of schedule.

From January to July, the province fulfilled 62.65 percent of the year's revenue plan. Revenue showed an increase of 11.34 percent over the same period last year. Except for Hainan Administrative Region, Hainan Li-Miao Autonomous Prefecture and Meixian prefecture, revenue showed increases in all the province's 13 prefectures and municipalities compared with the same period last year. Expenditures from January to July increased by 8.79 percent over the same period last year. Apart from the revenue to be submitted to the central authorities in accordance with the regulations, the province's revenues exceeded its expenditures.

The meetings held: Fulfilling this year's revenue plan and ensuring a balanced budget are important for stabilizing the economic situation and strengthening confidence in the modernization drive. The main efforts of the finance and tax cadres throughout the province must be devoted to fulfilling and overfulfilling this year's revenue plan and achieving a balanced budget.

The meeting held: Taking full responsibility for financial affairs is an effective measure, based on the various economic responsibility systems, for overcoming the phenomenon of eating out of a big pot. Practice has proven that after instituting full responsibility in financial affairs, the resulting economic effect is good.

The meeting also discussed further strengthening financial supervisory work, strictly observing financial and economic trends and correcting unhealthy trends in the economic sector. The meeting stressed: The more lively the economy becomes, and the more financial powers are handed down to the lower levels, and the more necessary it is to enforce strict financial economic discipline and strengthen supervisory work.

HENAN PARTY HOSTS MEETING ON IMPROVING SOCIAL ORDER

HK150317 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 14 Aug 81

[Text] The Henan Provincial CCP Committee sponsored a meeting on public order from 1 to 8 August. The meeting, held in Zhengzhou, conveyed and studied the spirit of the sixth plenary session and the central forum on public order in five major cities. From a realistic viewpoint, it analyzed the state of public order in the province and arranged the work of further improving social order in the urban and rural areas of the province in the second half of the year. Provincial CCP Committee Secretary Zhao Wenfu presided at the meeting. Provincial CCP Committee Secretary and Acting Governor Dai Suli made a speech, and provincial CCP Committee First Secretary Liu Jie made a summation report. Leading comrades of the provincial CCP Committee, people's government and military district attended the meeting.

The participants held: Since the third plenary session, and especially since implementing the national conference on urban public order, Henan has scored achievements in improving public order in the urban and rural areas. However, there has still been no fundamental turn for the better in the state of public order. Problems in some places are rather serious. In order to strive for a fundamental turn for the better in social order and ensure the smooth progress of socialist modernization, we must resolutely deal severely and swiftly according to law with criminals who commit murder, rape, theft, arson, bombings and other crimes that seriously disrupt social order, and rapidly deflate the arrogance of the criminal elements.

The meeting decided to take the urban areas and places along railroads as the focal points, get the urban and rural areas to work in coordination, and organize several concentrated actions to deal harshly with criminals who endanger social order and let them know the power of the people's democratic dictatorship system. In an area or unit, it is necessary to concentrate time and forces and mobilize the whole party and people to launch a political offensive to dig out criminals hiding in every corner and deal with them in an appropriate way according to the circumstances, after the evidence has been verified. On this basis we must set up security organizations and systems and carry out regular security and anticriminal work.

The meeting pointed out: The key to achieving a fundamental turn for the better in social order is to grasp the basic levels and the foundation and cure the problem in a comprehensive way, to ensure that bad people have no place to hide and that young delinquents who have committed minor crimes are promptly educated and saved.

The meeting demanded that the political and legal departments step up their own building. Political and legal cadres must be models in respecting discipline and observing the law and be fair and just in their dealings. The meeting demanded that party committees at all levels strengthen leadership over political and legal work.

#### HUNAN'S MAO ZHIYONG INSPECTS INDUSTRIAL PRODUCTION

HK170539 Changsha Hunan Provincial Service in Mandarin 1100 GMT 16 Aug 81

[Text] Beginning on 13 August, principal leading comrades of the provincial CCP Committee, People's Congress Standing Committee and people's government Mao Zhiyong, Sun Guozhi, Liu Fusheng, Dong Zhiwen and Cao Wenzhi are leading groups to various places to inspect industrial production throughout the province. This inspection will last 20 days to 1 month. The inspection will focus on the state of execution of the province' industrial and communications production plans and financial revenue plans, the measures taken to fulfill these plans, and the situation in readjusting industry, straightening out the enterprises, instituting economic responsibility systems, observing financial and economic discipline, and improving economic effect.

The province did well in industrial production from January to July. Total value of output fulfilled so far is 10.245 billion yuan, 2.3 percent more than in the same period last year. However, the task of fulfilling the provincial CCP Committee's demand for a 4 percent growth rate remains very arduous.

This inspection will further stimulate the revolutionary enthusiasm of leaders, cadres, staff and workers on the industry and communications front to work hard and ensure the fulfillment and overfulfillment of this year's industrial growth plan. The province's national economy will thus register steady growth.

#### HUNAN CONGRESS COMMITTEE STRESSES EDUCATION WORK

HK180616 Changsha Hunan Provincial Service in Mandarin 1100 GMT 17 Aug 81

[Summary] The 10th meeting of the 5th Hunan Provincial People's Congress Standing Committee concluded on 17 August after 4 days in session. At the closing session, Standing Committee Secretary General (Li Qing) spoke on the province's implementation of the three legal documents adopted by the 19th meeting of the NPC Standing Committee and on further tidying up social order. Standing Committee Vice Chairman Qi Shouliang presided at the meeting.

The meeting examined and approved a resolution on strengthening education work. After stressing the importance of education in promoting the modernization drive, the resolution called on the people's government at all levels to seriously study problems on the education front and ensure that education develops in a planned and proportioned way.

The resolution said: "Education in Hunan must undergo great development in the 1980's. We must strive to have universal primary education by 1985 and junior secondary education by 1990. We must reform the structure of secondary education and actively develop vocational and technical schools and agricultural middle schools. We must vigorously develop workers' education and various types of spare-time education. We should strive to ensure that by 1985, 80 percent of workers who currently have primary school cultural levels reach the level of junior secondary graduates, 40 percent of workers who currently have junior secondary cultural levels reach senior middle grade level, and a considerable proportion of workers who currently have senior secondary cultural levels reach university and college levels. We must pay attention to developing minority-nationality education and education for infants."

The resolution said: "We must readjust the proportional relationship between education and the economy and gradually increase the proportion of investment in education. We must implement the principle of standing on our own two feet and bring into full play the initiatives of communes, brigades, collectives, factories, mines, enterprises, offices, units and the masses to run schools. We must build up a well-qualified rank of teachers. We must create an excellent social atmosphere in which students respect teachers and teachers cherish students and everyone cares for the schools. We must enhance teachers' political status and gradually improve their work and living conditions. We must deal severely with units and individuals that arbitrarily occupy and damage school property, insult and beat up teachers and upset normal order in education."

The resolution said: "We must maintain the education principles of attaining all-round moral, academic and physical development, being Red and expert, integrating intellectuals with workers and peasants and integrating mental with manual labor. Armed with the Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC, we must carry out penetrating education in Marxism-Leninism-Mao Zedong Thought, in upholding the four basic principles, in communist morality, in labor and in the legal system. We should further launch the 'five stresses, four beauties' drive and speed up the building of a high degree of socialist, spiritual civilizations."

#### BRIEFS

GUANGDONG RICE BLAST--Serious rice blast occurred on 4 million mu of early rice in Guangdong this year, causing heavy crop losses. (Chen Weiqing), a well-known rice expert and director of the rice research center of the provincial agricultural science institute, was recently interviewed by reporters on this problem. He held: This was caused mainly by abnormal weather, plus the fact that too much chemical fertilizer was applied. It is necessary to improve fertilizer application methods in the late rice crop. He pointed out: "Fine seed strains are important, but they cannot accomplish everything. It is impossible to bring the production potentials of fine-strain seed into full play without coordination with other conditions." He noted: Guangdong has used many fine-strain rice seeds in recent years, but grain production was stagnated. The masses' activism stimulated by the production responsibility systems should be guided into scientific cultivation methods, he said. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 2 Aug 81 HK]

HENAN AGRICULTURAL PRODUCTION ACHIEVEMENTS--Zhengzhou, 16 Aug (XINHUA)--As a result of the implementation of production responsibility systems and promotion of scientific farming, Henan Province has made marked achievements in agricultural production. The province's total cotton output in 1980 increased by 100 percent over 1979. Its total wheat output in 1980 went over the 20 billion jin mark. [Beijing XINHUA Domestic Service in Chinese 0044 GMT 16 Aug 81 OW]



SICHUAN PEASANTS FORM ECONOMIC GROUPINGS

HK170713 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 14 Aug 81

[Text] In Gulin County, where the majority of communes and brigades have instituted the system of fixing output quotas for each household, a new socialist trend has appeared in the wake of the revival and development of production: over 6,000 peasant households have now organized over 2,000 small economic groupings engaged in tobacco production, short-distance transport, burning lime and making bricks, making paper, and processing agricultural and sideline products. These groupings are established on the basis of voluntarism and mutual benefit.

These small economic groupings organized voluntarily by the peasants are generally made up of three to five households. The largest consists of only 20 households. The field of joint operations is broad, including processing, field cultivation, animal breeding and transport. Their common characteristics are: they are established completely on the basis of voluntarism and mutual benefit; they break through administrative boundaries in order to meet the needs of production; and their management is democratic and labor voluntary. Hence they are all run quite well and make quite a good profit.

The appearance of these small economic groupings helps to bring into play the superior features of the mountain areas and has promoted the development of industry, sideline production and diversification.

AN PINGSHENG ATTENDS YUNNAN FINANCE MEETING

HK170257 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 15 Aug 81

[Excerpts] A recent Yunnan provincial finance work conference held in Kunming concentrated on discussing and studying specific ways and means of tapping more revenue sources, blocking loopholes, overfulfilling the year's revenue plan, strictly controlling expenditures and improving the effective use of capital. Principal responsible comrades of the provincial CCP Committee and government listened to reports on proceedings at the conference. Comrade An Pingsheng made an important speech.

The conference held: An important task facing us is to open up more opportunities, broaden sources of income and reduce expenditure, increase revenue and practice economy and strive to achieve a balanced budget. In order to achieve a balanced budget, we must actively tap revenue sources and strive to increase production and revenue. We must vigorously support and promote agricultural diversification and the development of consumer goods production. We must in particular devote great effort to developing production of industrial crops and industrial products which have a decisive effect on the province's revenue, such as tobacco, cigarettes, sugar, wine, and tea. Nor can we relax in the least work concerning profit and tax collection in sectors that are not key revenue sources.

The conference pointed out: It is necessary to strengthen tax collection work and management of enterprise finances, and resolutely block various loopholes. At present certain enterprises, departments and units indiscriminately covet greater production costs and expenditures, raise expenditure levels, expand the scope of expenditure, act in an extravagant and wasteful way, eat out of a big pot, and even evade or cheat on state taxes, retain and misappropriate profits that should be turned over to the state, and so on. Blocking these loopholes will not only increase revenue for the state; it is also particularly important for correcting unhealthy trends in the economic field and carrying forward the party's fine traditions and work style. The finance and tax departments must regard helping the enterprises and units to straighten out financial management, adhere to the financial work systems and strictly observe financial and economic discipline as a major task.

The conference pointed out: The departments concerned must uphold the principle of acting according to capabilities and strictly control all expenditures. It is necessary to continue to carry out reform policies and measures that benefit economic readjustment. In this way the various methods such as expanding enterprise financial powers, retaining profit and so on instituted in some enterprises and units will all be effective ways of increasing revenue and reducing expenditures.

YUNNAN CIRCULAR URGES BETTER ENTERPRISE LEADERSHIP

HK170801 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 16 Aug 81

[Text] The Yunnan Provincial CCP Committee recently issued a circular on strengthening and rectifying the leadership groups of a number of enterprises. The circular says: Generally speaking, the state of the leadership groups in the province's industry and communications, capital construction, agriculture and forestry, and finance and trade enterprises is good as a result of rectification and readjustment. However, the leadership groups of quite a number of units are still ineffective. This hampers the normal progress of their production, construction and economic work. In particular, they fail to meet the demands of economic readjustment and reform. This is one of the main reasons why work is not done well in certain trades and units. It is necessary to take resolute and decisive measures to rapidly change this state of affairs. The circular makes the following provisions:

1. With regard to party committee secretaries and managers of enterprises and units of bureau or county-level subordinate to the province and of those subordinate to prefectures, municipalities and counties, the provincial CCP Committee enjoins the party groups and committees of the provincial departments and bureaus concerned and the prefectural, municipal and county CCP committees to ensure that these units are staffed with good number one party and government men by 1 October, and to maintain relative stability in those positions.
2. The leadership groups of a few enterprises and undertakings have not corrected their ideological line. They do not effectively carry out the party's principles and policies. The groups are seriously disunited. They have been engaging in unprincipled disputes for a long time. They are in low spirits, their work is passive and bureaucratism is rampant. As a result, production and work in those units has been backward for a long time. The provincial CCP Committee demands that the party groups or committees of the departments or bureaus in charge, together with the prefectural, municipal and county CCP committees, send effective cadres there to investigate and study, get a clear picture of the situation and help them to carry out ideological rectification. The leadership groups must be seriously readjusted if their problems are still not solved by rectification. This work too should be basically completed by 1 October.
3. When strengthening and readjusting the leadership groups, it is necessary to insist on the cadre criterion of both ability and political integrity. It is necessary to pay particular attention to boldly promoting outstanding middle-aged and young cadres who are politically reliable, hard-working and in the prime of life to leadership posts at all levels. In promoting cadres, it is necessary to uphold party spirit and overcome factionalism, and eliminate the concepts of promotion according to seniority and age and demanding perfection. We must correct anti-intellectual prejudice, and ensure that the leadership groups at all levels gradually become younger and more knowledgeable and specialized under the premise of upholding their revolutionization.

The provincial CCP Committee demands that party committees at all levels immediately consider action on receipt of this circular and hurry to carry out the work. They must seriously strengthen leadership.

BELJING, TIANJIN WATER SHORTAGE PROBLEM ADDRESSED

## State Council Measures

OW151701 Beijing XINHUA in English 1620 GMT 15 Aug 81

[Text] Beijing, August 15 (XINHUA)--Measures to solve the water shortage in Beijing and Tianjin were worked out at an urgent meeting called by the State Council which closed here today.

Water waste must be eliminated and water supply for industrial use be reduced to ensure the consumption of the people, the meeting decided. The Miyun and Guanting reservoirs, which used to provide water to Beijing and Tianjin, will supply water only to Beijing before storing sufficient water; water will be diverted from the Yellow River to Tianjin; and the state will increase investment to accelerate the project diverting water from Panjiankou reservoir to Tianjin through the Daheiding reservoir.

"Urban water supply concerns not only economic construction but also the people's stable life, and it must be handled well," Vice-Premier Wan Li told the meeting. He also called for efforts to find new water sources and save water.

Owing to lasting drought, Beijing and Tianjin have been suffering from serious water shortage over the past two years. Between August 1, 1980 and the end of July this year, the Miyun and Guanting reservoirs stored only 995 million cubic meters of water, the lowest figure since 1930. The two reservoirs supplied 1,863 million cubic meters of water to the two cities with water stored in the previous years. The water level of the two reservoirs has dropped to the zero point because practically no rain fell on their upper reaches, the meeting noted.

Delegates to the meeting agreed that the most effective measure to solve water shortage is to save water and, at the same time, efforts must be made to explore new water sources. The meeting worked out plans to divert water to Tianjin from the Yellow River to Henan and Shandong Provinces and to speed up the project diverting water from the Panjiakou reservoir to Tianjin.

## Tianjin RIBAO Article

SK180947 Tianjin City Service in Mandarin 0030 GMT 18 Aug 81

[Report on Tianjin RIBAO commentator's article: "Economic Use of Water a Matter of Great Urgency for Our City"--date not given]

[Summary] "The most urgent task our city is facing is to economize on water consumption. Each and every Communist Party member, cadre, worker and citizen of the city should fully understand this problem and take proper action. Because of sustained drought in northern China, the flow from tributaries of the Haihe River did not increase during this flood season. Many large reservoirs, including Miyun and Guanting reservoirs, were unable to store water. The intense water shortage has become a very serious problem. This poses a great threat to the people's daily lives and to agricultural production." Therefore, we must not take this problem lightly but should focus our efforts on solving it.

The CCP Central Committee and State Council have shown deep concern for our water shortage problem. The State Council recently held an emergency conference to work out plans to solve it.



The most effective way is to economize on water consumption. There is still a very serious waste of water. About 10 percent of water for daily use is wasted. All departments concerned should adopt measures to stop waste. All plants should also adopt such water conservation measures as recycling waste water and using sea water, utilizing the assistance of scientific research units.

To ensure the people's daily needs, the water supply to some enterprises which consume great amounts of water can be cut off in a planned way if necessary. Meanwhile, we should strictly forbid peasants from diverting Haihe River water for irrigation. Water for vegetable fields should be limited. Those who violate regulations on planned water supply must be educated, criticized or punished. We should also make better use of our underground water resources and protect our existing water sources.

"In short, we should fully realize the seriousness of our water shortage problem and mobilize the people to economize on use of water, which is our current urgent task. We should display our hard-working spirit and strive to overcome difficulties and, at the same time, treat our water shortage problem calmly and make concerted efforts to tide over the crisis."

#### TIANJIN RALLY COMMENDS PUBLIC SECURITY ACTIVISTS

SK150448 Tianjin City Service in Mandarin 0030 GMT 15 Aug 81

[Excerpts] On the morning of 14 August, the Tianjin Municipal People's Government convened a commendation rally for public security model workers and activists at the municipal people's stadium. Huang Zhigang, second secretary of the municipal CCP Committee, and Deputy Mayor Hao Tianyi attended the rally. Also attending were responsible persons of the various departments, commissions and offices affiliated to the municipal CCP Committee and government, the municipal council of trade unions, the CYL Committee, the women's federation and [word indistinct]; responsible persons of county and district public security bureaus, representatives of enterprises, plants, organizations, schools and neighborhoods, institutes of political science and law, public security preparatory committees and public security pickets, over 5,000 persons in all. Over 50,000 listened outside the meeting site.

At the rally a citation issued by the municipal government commending (Liu Xiufen) and 70 others was read. It reads: The various district and county people's governments, commissions and bureaus and various departments directly under the municipal authorities should note that, in our efforts to consolidate public security work, the vast majority of our city's staff, workers, masses and cadres have voluntarily gone into action to struggle against all kinds of lawbreakers and criminals in cooperation with the public security departments. A number of advanced and model individuals, ready to take up the cudgel for a just cause and dare to struggle against criminals and defend others against injustice and who betray no fear in the face of danger, have emerged in our city. They are admired by the masses. They have helped eliminate pests for the people and made valuable contributions to the state by protecting the safety and property of the people. Their brave deeds represent the righteousness of the 7 million people of Tianjin.

To commend the advanced, arouse the fighting will of the masses and mobilize their enthusiasm for safeguarding public security, the municipal government has decided to confer the honorable titles of public security model and public security activist on (Liu Xiufen) and (Lu Zhilin) and 69 others and to award them citations of merit. The municipal government hereby calls on the people throughout the city to emulate them and their clear-cut political stand about what to love and what to hate, their death-defying revolutionary spirit, their moral character of being ready to take up a cudgel for a just cause and their sense of responsibility toward the state, the people and the collective.

LIAONING REPORTS INCREASES IN AGRICULTURAL OUTPUT

SK160755 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 15 Aug 81

[Text] Since the third plenary session of the CCP Central Committee, our province has relied on policies and scientific methods in developing agriculture and has reaped all-round bumper harvests in 2 successive years. According to the latest statistics released by the provincial statistical bureau, our province's grain and soybean output grew with an average annual increase of 1.22 billion jin in 1979 and 1980. The grain and soybean output in these 2 years rose respectively from 20.7 billion jin in 1977 to 23.88 billion jin in 1979 and 24.43 billion jin in 1980--the two highest figures in history. The output of cotton, oil-bearing seeds, fruits and tussah also markedly increased. Despite a decrease in cotton farming acreage, the total output still stood at 4.27 billion dan, surpassing that of 1977 by 14.8 percent. The per-mu yield of cotton rose from 28 jin in 1977 to 74 jin in 1980--the highest ever in 2 successive years. The total output of oil-bearing seeds in 1980 was 56.51 billion dan, surpassing the highest figure in 1958 by 16.6 percent. We have reaped bumper harvests of fruit, silkworm cocoons and beets since 1977. The output surpassed previous records.

Forestry, animal husbandry, sideline occupations and fisheries also vigorously developed. We have afforested 4.6 million mu of land in 3 years. The number of hogs in stock rose from 5.277 million in 1977 to 6.563 million in 1980--the best figures in 3 successive years.

Commune- and brigade-run industrial enterprises and commune members' domestic sideline occupations also vigorously developed. Owing to overall development in agriculture, forestry, animal husbandry, sideline occupations and fisheries, our province's total agricultural output value in 1980 was 5.8 billion yuan, an increase of 1 billion yuan over 1977 or an average annual increase of 333 million yuan, creating all-time records in 3 years.

Following agricultural development, the rural collective economy expanded, commune members' income increased, prosperous teams increased and impoverished teams decreased. Prosperous teams which received over 150 yuan from the collective economy rose from 2,500 to 22,000. Prosperous teams with an average per capita income of some 200 yuan increased from 435 to 8,900.

BRIEFS

JILIN CATERING SERVICES--The Jilin Provincial CCP Committee recently issued a circular on developing collective- and individual-run catering, repair and service businesses. The circular notes: Some 11,000 collectives are in catering, repair and service businesses. About 110,000 workers and staff members are employed by these enterprises. Some 44,000 households are engaged in individual labor and businesses employing 49,000 employees. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 13 Aug 81 SK]

LIAONING INDUSTRY--The Liaoning Provincial CCP Committee held a telephone conference 6 July to relay the State Council's directives on economic work and offered suggestions on industrial and communications production. Wang Guangzhong, deputy provincial governor, presided at the conference. Shen Yue, secretary of the provincial CCP Committee, spoke. The conference noted: By the end of June, the province had fulfilled 50.4 percent of the annual industrial and communications production plans. Light industry production increased, energy consumption declined and the service orientation and product mix of heavy industry changed. Due to poor enterprise management, profits delivered to the state decreased. Money-losing enterprises and deficits increased. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Aug 81 SK]

COMMENTARY ON UNITED STATES ARMS SALE TO PRC

OW161239 Taipei International Service in English 0100 GMT 16 Aug 81

[Daily news commentary: "Time for Pause"]

[Text] The U.S. Government has asked Communist China to delay a potential arms-buying mission to the United States until next month. The State Department said the delay until September is to allow additional preparation time for the visit. The Chinese communists, however, have not responded to the proposed change in date.

According to the Washington POST, the delay was caused by Red China's displeasure over President Reagan's friendly policy towards free China. Why didn't the Chinese communist regime respond to the U.S. suggestion for delay?

The Washington POST's explanation may or may not be correct. It is not a secret that the POST is one of the most enthusiastic supporters of the Red China card concept. It could be that the paper was lobbying for the Peiping regime in its increasing pressure on the U.S. to sever its remaining ties with the Republic of China. Or it could also be a deliberate gesture from Peiping which can be translated into the Chinese proverb, to advance by pretending to be retreating.

By pretending to be disinterested in the U.S. offer of arms sale, the Chinese communists are probably trying to get U.S. arms free of charge instead of paying for them. The plain fact is that they cannot raise enough money to buy even a single squadron of advanced U.S. jet fighters.

The U.S. arms sales decision is based on the supposition that the 4.5 million man Red Army could be modernized to play its role in checking Soviet expansionism.

Has anybody in the U.S. Government stopped to think how much that would cost and how long it would take? It does not require expert knowledge to furnish the answer, considering the size of the Red Army and the extent of its backwardness.

What will the Soviet Union do while the U.S. is arming the Chinese communist hordes even if America were able to bear the cost? Moscow has warned repeatedly that it would not sit idle. One can count on the Soviets, despite U.S. arms sales to Peiping, by making trouble for the U.S.

Would the U.S. risk a nuclear exchange with the Soviets if they decide to make a preemptive strike against the Chinese mainland? Besides, the U.S. is not at all sure whether Red China will do Washington's bidding once it becomes a military power with U.S. assistance.

The Republic of China would not be the only country to feel nervous. Other American allies in the Far East, particularly the ASEAN countries, have already expressed their uneasiness with the U.S. arms sales decision.

As many experts have pointed out, a Red China able to stand up to the Soviets will be able to pose a threat to the U.S. itself as well as to its allies. This is high time for the U.S. Government to pause before crossing the Rubicon.



ZHAO ZIYANG TOURS PARTS OF GUANGZHOU, ZHUHAI

HK180047 Hong Kong WEI WEI PO in Chinese 18 Aug 81 p 1

[Dispatch from correspondent Lan Ching-chung: "Zhao Ziyang Returned to Guangzhou From Zhuhai Yesterday, Visited Dongfang Guesthouse"]

[Text] Guangzhou, 17 Aug--Accompanied by Guangdong provincial CCP Committee First Secretary Ren Zhongyi, Premier Zhao Ziyang this afternoon visited the Dongfang guesthouse in Guangzhou, a hotel which represents effective use of foreign investment for developing tourism. Premier Zhao returned to Guangzhou from the Zhuhai special economic zone at noon today.

On the way back to Beijing from his trip abroad, Premier Zhao Ziyang has spent 4 days making on-the-spot inspections of the Shenzhen and Zhuhai special economic zones and the Dongfang guesthouse. His activities can be said to have illustrated the importance attached by China to practicing policies of opening up still more to the outside world and of making use of foreign investment to speed up economic development.

At about 1700 hours today, Premier Zhao, Secretary Ren and others arrived at the Dongfang in a small tourist bus. Accompanied by the hotel's general manager Yang Xianting and others they toured the Cuiyuangong Restaurant, the Dongfang Paris Lailiys beauty shop, the Swedish sauna baths, the Garden Restaurant, guest rooms and the luxury suite on the 11th floor. All these facilities were built with foreign investment and are equipped with imported items. He asked detailed questions about the management of the guesthouse, staff training, and wages and welfare. The inspection lasted over 1 hour.

Premier Zhao Ziyang arrived by boat in the Zhuhai special economic zone on the morning of 15 August, after completing his inspection of the Shenzhen special zone. He was warmly welcomed on arrival by Wu Jianmin, a responsible person of the Zhuhai special zone, and Li Yaoqi, a responsible person of Zhongshan County.

During his inspection of the zone, Premier Zhao praised the Zhongshan Wenquan Yongmo Guesthouse and the Shijingshan tourism area. Apart from meeting responsible persons of the Zhuhai special economic zone, he also talked to Macao businessmen who were there.

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